

# Company travel policy guidelines and topics to include



A travel policy is an important part of your company policies. Travel is ramping up again right now, so this is the perfect time to review your existing corporate travel policy or create one from scratch if you don't have one already.

If you're wondering what to include in your company travel policy, don't worry, we've laid it out for you here. There's a number of travel-related expenses to consider as well as policies and procedures needed to make the travel and expense process seamless for the employer and employee. Read on to learn about employee travel management best practices and how to create a comprehensive travel policy.

## Why do you need a company travel policy?

In some industries, business travel accounts for a large portion of business' expenses and employee time.

Even if you don't think you'll need a travel policy because your staff does not travel frequently, consider things like annual industry conferences, company meetings or events, and training or collaboration with other offices or worksites. This policy may only be used once a year for some companies, but if you don't at least have the procedures clearly recorded it can create a huge amount of hassle and confusion.

Having clear policies in place simplifies the process for both parties. Employees understand how to go about booking travel and submitting for reimbursement of travel expenses. Employers can ensure that travel

arrangements are made in a cost-effective manner and that proper expense reporting occurs.

Having set guidelines for travel also makes the travel management process transparent and fair to all staff. Employees should all receive the same travel budget, aside from adjustments made due to differences in location costs or business needs. Without clear guidelines, one employee may be booking first class seats and five star hotels while another books economy and low budget accommodations. It's best for your company culture to provide equitable travel experiences across the board where possible.

## **Travel approval**

Define your policy and approval process for business travel authorization.

How far in advance should employees request approval for business travel? In some industries and job roles, advance notice may be limited. However, in many cases business travel can be planned out several weeks or a month in advance. Planning ahead will usually allow for the company or employee to book air travel and accommodations at lower rates.

Also be sure to include who travel requests should be submitted to and what needs to be included. Some employers ask for expense estimates prior to authorizing a trip.

Depending on your industry, you may want a separate policy for conference attendance authorization and trip planning. Trips for trade shows, trainings, and conferences can be planned further in advance, but you'll want to ensure that attendance will be worthwhile. Some businesses have a set budget or allowance for employees to travel to attend industry conferences or training.

## **Travel booking**

Clarify your company's travel management style and booking process. Are employees allowed to book their own travel or is there an administrator in charge of all travel bookings?

If travel is something that members of your organization will be doing frequently, it's usually easiest to allow employees to book their own rooms, flights, and rental cars. However, it's a good idea to put some guidelines in place on costs, upgrades, and expense reimbursement procedures.

Large employers with frequent business travel sometimes use a travel booking tool to help employees book travel in one central place and within the constraints of the company's travel policy. These tools can be helpful, but if you don't have one yet it's not a problem - not every company will need a booking tool. Sites like Expedia or Priceline work just fine for the average travel booker.

Lastly, some employees do prefer to book travel for their employees. Often an administrative staff member will help with booking or department heads can book for their department. This gives the employer more control over managing travel expenses and ensuring that travel policies are followed. However, it is generally preferable to give employees some input as it tends to improve their experience and morale. If an employee has a particular preference on airline, flight times, or hotel it's a good idea to accommodate those preferences if they don't add too much to the cost or interfere with planned business activities.

## **Meal reimbursements or per diems**

Employees need to eat while they're traveling, and it is customary for employers to cover those costs within reason.

You have three solid options to choose from in terms of employee travel meal expenses.

## **Offer a Per Diem**

A per diem is a fixed daily amount that employees are reimbursed for food or incidental expenses during their business trip. Lodging is also sometimes handled with per diems. Sometimes per diems are paid prior to the trip so that staff do not need to pay out of pocket and wait for reimbursement for expenses.

This method is used by the federal government but also some private employers. It can make the expense process simpler as individual receipts don't need to be saved and submitted and the company can accurately estimate the cost of a proposed business trip. Businesses should still have employees fill out a general expense report with the dates, business purpose of the expense, and amount for tax purposes (per diems are not taxed as long as they are properly accounted for and used for business purposes). It varies by individual company policy whether employees can keep or be reimbursed for per diems that they did not fully spend while on the trip.

## **Reimburse meal expenses**

The classic option is to allow employees to buy their own food while traveling and submit their receipts upon return for reimbursement. Employers often set spending limits and many do not allow alcohol purchased with meals to qualify for reimbursement.

## **Provide a company credit card**

A company credit card allows employees to avoid having to pay up front and wait for reimbursement. This is a good idea for employees that travel frequently and do not wish to constantly have personal funds tied up in hotel room deposits and reimbursable meal expenses.

If your staff will be entertaining others on trips such as clientele or prospects, a company card is a must. It's reasonable to have employees buy their own meals, but asking them to regularly buy clients dinner on their personal cards is a bit excessive. However, you should definitely have a company credit card policy in place prior to providing a card.

Employees should sign an agreement taking responsibility for reporting a lost or stolen card or suspicious charges immediately. They should also agree that the card is for business use only and to reimburse the company for any personal expenses placed on the card in error.

## **Flights**

Many of us do not enjoy flying, but it is a large component of most business trips. Be sure to lay out any policies or restrictions on airfare or flight options.

Can employees book seats in business class? Most companies steer their staff towards economy class plane tickets, but be sure to list any applicable exceptions. For instance, at off-peak travel times, business class may occasionally be cheaper or the same price as economy class once things like in-flight wi-fi and baggage fees are factored in. Some companies also allow employees to book premium seats for unusually long flights such as international travel.

You can also include whether employees can use things like frequent flyer miles or other rewards accumulated through business travel for personal use. Ultimately it is the employee doing the travel even if the employer is footing the bill, and air travel can be grueling, so it's generally worth providing this small benefit to employees rather than accumulating rewards for the business.

## **Hotels and accommodations**

If business trips are a frequent occurrence at your organization, you may want to partner with a specific hotel chain or vendor. Often you can negotiate a discounted room rate if you book with the hotel for enough nights per year. This can cut down on accommodation costs and makes the hotel booking process simpler. Inform employees to check for rooms at the partnered hotel chain for each of their business travel destinations. This also adds consistency, as all employees receive approximately the same room quality and experience.

Generally employees are directed to book a standard room, meaning no suites or upgrades. This cuts down costs and makes it fairer for everyone. Of course, accessible rooms (sometimes marked as ADA rooms) may be selected for disabled employees needing them. These are offered by most hotels and shouldn't cost extra to book.

You may also specify whether extra charges will be reimbursed or considered personal expenses. Are employees allowed to raid the mini-bar or order a pay per view movie on the hotel television? If there is an entertainment budget or meal/incidental per diem offered these charges may fall under those categories. Wi-fi and hotel parking are generally considered reimbursable expenses.

### **Transportation expenses**

Most business travelers will require a rental car. Employees should choose an economy option unless they need an upgraded rental car to transport large materials or drive clients. In some circumstances, other transportation methods may be used and expenses should be tracked by the employee. For example, it may be more cost effective for an employee visiting New York City to use taxis, rideshare, or the subway to get around as parking in the city may be excessively expensive and impractical.

Many businesses also reimburse public transportation or ride share costs to and from the airport.

### **Travel insurance**

Specify whether or not employees should buy travel insurance. Some companies outright prohibit staff from opting in to extra insurance on flights and travel costs. However, if there is a possibility of trip cancellation, the insurance could come in handy. If the trip is to meet a client or prospective client, consider the client's industry and prior track record to determine the likelihood that they need to reschedule.

Also check whether staff should pay extra to participate in rental car insurance programs. Your company's auto insurance policy may cover employees traveling on business. Their personal coverage may also cover them while using a rental car.

### **Entertainment and other expenses**

If employees will be entertaining clients on these trips, specify the budget and what is allowed to be expensed. This may be a scenario where expensing alcohol is allowed, even if it is not generally expensable under your meal policy.

Personal entertainment expenses such as site-seeing or going to bars/events alone after work are generally not reimbursable. Sometimes dry cleaning and personal expenses necessary for professional appearance at important meetings or conferences are reimbursable. Your company can decide what personal expenses, if any, will be eligible for reimbursement.

Also be clear on how personal travel will be handled. Occasionally, employees may request to stay in a business trip location over the weekend to explore the city. This is generally reasonable as long as additional hotel nights or rental car days are paid for by the employee and the change in return dates does not lead to a large increase in airfare costs. Set clear expectations and understandings with the employee prior to approving a trip extension for personal travel.

## **Expense reimbursement procedure**

We've talked about the expenses covered for business travel, now it's time to craft your most important travel policy and let employees know how to submit their expense reports from their business trips.

Give employees a deadline. If expenses are not submitted promptly, the likelihood of a receipt being lost or an expense being forgotten increases. A one week deadline is reasonable. Use your expense reimbursement cycle to guide this policy. Some businesses process expenses monthly and only request monthly reports while others process them weekly or biweekly.

If employees will be traveling and expensing frequently, consider using an expense management app such as Expensify to allow them to upload receipts and expenses as they go from their mobile devices. This can help everyone stay organized and streamline the reimbursement process. A mobile app system is especially useful if you are providing a company card, as employees may be less motivated to submit expenses or save receipts when they are not seeking personal reimbursement.

Let them know the procedures for submitting and receiving reimbursement. Do expense reports go to their department head, human resources, or accounting? What is the submission and payout schedule? Some employers provide reimbursement on employee's regularly scheduled paychecks while others use a separate system for expenses. Employees want to know when they can expect to receive these funds, so be detailed in order to avoid any questions or confusion. If there's no set schedule, or you are giving employees a deadline from the date of their return, let employees know what the turn around time will be for processing reimbursements.

## **Employee conduct**

It should go without saying that professional conduct is expected on business trips, but it never hurts to reiterate your company's policies and expectations.

Remind employees to follow your company's Code of Conduct and applicable policies while traveling, including vehicle safety policies if driving on the trip. Alcohol consumption policies may be relaxed for business dinners or networking events, but most company policies should still apply while traveling. Employees are representing the company on these trips and should take that responsibility seriously.