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## SUMMARY

A review of the District's current expense account costs indicates that the policy of fiscal restraint is effectively maintaining these expenses as a stable proportion of the District's costs, despite intense pressures from inflation, the demands placed upon the agency by the transit involvement of Washington, D. C., and Sacramento, and the overall growth and increased responsibility of the District.

The changes brought about by this rapidly shifting environment have resulted in a need for some policy and procedure modifications to cover new situations and questions.

This report identifies several questions of this type and makes recommendations for strengthening policy and procedure, recommendations which are consistent both with the needs of the District and with current expense policy practices of other public agencies.

## INTRODUCTION

This study was composed of five distinct but complimentary elements:

- o a historical review of expense costs since 1970.
- o a review and comparison of expense policies of other public agencies and transit properties.
- o a review of the progression of District expense policy.
- o a compilation and comparison of major expenses on a by-department basis for the six month period June to November, 1975.
- o a detailed review of individual expense statements for the same six-month period.

The significance placed upon expense account costs depends primarily upon what it is compared to: measured against the District's total operating budget, expenses costs are so small that they may appear to be less important than other types of expenditures.

However, as a public agency confronted with escalating costs and uncertain revenues in a highly visible environment seeking to enhance and expand its operations, it is imperative that every cost-cutting efficiency measure consistent with sound practices be implemented, no matter how small.

Inflation, coupled with the District's overall growth and service improvements of the past five years, the increased demands placed upon the District by Sacramento and Washington, D. C., with the availability of transit subsidies, the growing participation of District personnel in technological efforts by industry associations, and the efforts to build rapid transit since 1971 with SB 325, Proposition A, and S 386 funds, has resulted in a

continuous growth of expense costs:

Business and Travel Expense: 1970 to Present

1970	\$ 93,414
1971	81,836
1972 (January to June)	110,446*
1972-73	127,331
1974-75	162,516
1975-76 (July to November)	176,612*

\*Represents annualized figures for comparison purposes.

These costs have decreased relative to total District expenditures. At the same time, policy has been amended several times to handle new situations. In the past five years, for example, District policy has been measurably tightened, has been made more comprehensive, and has applied increasing burdens of proof and explanation upon the employee. Elements of these shifts include the change from a per diem to an actual expenses only reimbursed policy, the tighter instructions on automobile use, the greatly increased requirements for reporting, explaining and verifying business conferences and so on.

## RECOMMENDATIONS - SUMMARY

The intent of these recommendations is positive. They seek either to address and define certain areas of policy, to strengthen management procedures or, in some cases, to formalize solutions to problems which have almost universally, but informally, been adopted.

It is recommended that:

1. The expense report form be revised.
2. Only department heads and departmental staff designated in writing may incur business conference expenses.
3. Along with the travel authorization number, a brief explanation of trips must appear on expense statements.
4. Meals and incidental daily expenses on out-of-town trips normally shall not exceed \$15.
5. Employees performing uncompensated overtime shall be the only employees who may incur overtime dinner expenses. The District will reimburse an amount not to exceed \$5.
6. Long distance telephone calls must be explained in detail.
7. Mileage will be reimbursed for the actual direct mileage of a trip to a destination from home or regular District assignment location, whichever is shortest.
8. Affiliations and titles of business conference guests must be listed on expense statements.
9. Neither District nor private automobiles should ordinarily be used during normal business hours in civic center/downtown Los Angeles.

10. Expense statements shall be submitted monthly, but may be submitted more often if the amount exceeds \$50.
11. Employees should not submit the cost of business conference meals with other District officials, except those in which Directors participate.
12. Implement "Please Review" form from Controller.
13. Receipts must be submitted in a clear and concise manner.
14. Expense receipts must be submitted for the cost of all ground transportation claims over \$2.50, all meal expenses exceeding \$2.00, and all other expenses exceeding \$5.00
15. Expenses incurred in the Ambassador Program shall ordinarily be limited to one reimbursable activity per month.
16. Unnecessary multiple staffing at seminars, conferences, and business conferences must be avoided.
17. The cost of meals and incidentals incurred during normal business hours on a one-day trip or conference not be the District's responsibility.
18. Reimbursable mileage for out of District travel shall not exceed the cost of coach airfare without thorough explanation and justification.
19. Originating departments are responsible to insure that costs are accurately described regarding expense account claims.

20. Supplement "Miscellaneous Expense Voucher."

## RECOMMENDATIONS: DISCUSSION

### 1. Revise Expense Statement Form

The present Expense Report form provides insufficient space for each description and explanation of expenses; it groups dissimilar types of expenses making review difficult and it lacks space for routine but useful information such as the dates covered by the statement. Many employees do not use the statement form. The revised expense report form (see appendix) accomplishes several things. It

- a) provides space for detail explanation of particular expenses;
- b) includes an automatic chronological and categorical listing of expenses;
- c) provides space for routine information, and
- d) will allow a more rapid and complete review.

### 2. Business Conferences

Present policy requires advance department head approval for employees to incur business conference expenses. It is recommended that such personnel as are so authorized be designated in writing by the department head. (See appendix, revised expense policy, page 8, "Business Lunches and Dinners," para. 2.)

### 3. Trip Explanations

Many employees provide a brief one-sentence explanation of out of District trips while others do not. Absence of this information makes review more difficult. It is recommended that, along with the travel authorization number, a brief explanation of trips should appear on expense statements. (See appendix, revised expense policy, page 3, "Expense Statements," para. 6.)

#### 4. Meals and Incidental Daily Expenses

Analysis of District experience indicates that this current expense allowance, \$25 per day, which covers only meals and incidentals--not lodging, transportation or business conferences, ordinarily exceeds the actual requirements of its personnel. Furthermore, a comparison with other public agencies suggests that a reduction would be consistent with common practice. It is recommended that the daily meals and incidental expense allowance be reduced from \$25.00 to \$15.00 with additional daily allowances of \$5 in Sacramento and \$10 for out-of-state travel. (See appendix, revised expense policy, page 9, "Accommodations for Overnight Travel.")

#### 5. Overtime Work

Many employees who are either non-exempt (entitled to compensation for overtime work or who are eligible for compensatory time off) or who have irregular work hours, purchase overtime work meals at District expense. It is recommended that this practice be discontinued. It is recommended further that employees who are required by their supervisors to perform uncompensated overtime work be permitted to incur the cost of dinner, not to exceed \$5. (See appendix, revised expense policy, page 9, "Overtime Work.")

#### 6. Long Distance Telephone Calls

Employees on duty both within and outside of the District are frequently required to make toll telephone calls. It is recommended that all such calls should be listed showing the parties involved, points between which service was provided, the date, and the cost. (See appendix, revised expense policy, page 9, "Long Distance Communication.")

#### 7. Clarified Mileage Reimbursement Guidelines

Numerous employees without any standardized mileage accounting system, drive their private automobiles on District business to a variety of locations. It is recommended that the guidelines defining reimbursable mileage be clarified such that, in

the event that no other means is available, mileage will be reimbursed for the actual direct mileage of a trip to a destination from home or regular District assignment location, whichever is shortest.

It is also recommended that under no circumstances will employees be reimbursed for home to regular work assignment location mileage, except when mileage is incurred as an immediate consequence of uncompensated overtime work. (See appendix, revised expense policy, page 5, "Travel In The Los Angeles Area.")

#### 8. Business Conference Guests

Present policy requires the names but not the identification or affiliations of guests at business conferences. Many employees submitting statements do include this information and it greatly enhances the completeness of an expense explanation. It is recommended that the title and affiliation of business conference guests be listed in expense statements. (See appendix, revised expense policy, page 7, "Business Lunches and Dinners," para. 1d.)

#### 9. Travel in Civic Center/Downtown Los Angeles

Because of the concentrated availability of frequent District bus service in the Civic Center/Downtown area, it is the optimum area for using public transit in Los Angeles. In addition, the use of a District car on such a local trip precludes its use on a longer, more costly, trip to other parts of the District. It is recommended that neither private nor District automobiles ordinarily be used on District business in Civic Center/Downtown. (See appendix, revised expense policy, page 6, "Travel in Los Angeles Area," para. 6.)

#### 10. Frequency of Submission

There is a great deal of variety in the frequency of expense account submissions. Some individuals submit statements weekly although small amounts of money are involved, while others collect several months of expenses before submitting them. It is recommended that submissions be made monthly,

or more often if the amount due exceeds \$50. (See appendix, revised expense policy, page 1, "General," para. 2a.)

#### 11. Employee Business Conferences

Business conferences or meals with other employees occasionally are submitted as expense items. It is recommended that employees not submit cost of meals with other District officials for reimbursement except when, (a) for convenience, otherwise allowable meals for multiple employees, during out-of-District trips for example, are included on one expense statement, and (b) when Directors participate. These expenses must be reported in the same manner as other business conferences. (See appendix, revised expense policy, page 8, "Business Lunches and Dinners," para. 3.)

#### 12. "Please Review" Form

No formal procedure presently exists for the Controller's office to return expense submissions for additional clarification or explanation to the concerned Department Head. It is recommended that a "Please Review" form be implemented to return an expense statement to its originating Department Head for additional information or review. (See appendix.)

#### 13. Clear Receipt Itemization

The submission of lengthy receipts with expense claims, for example, a hotel bill containing items for meals, telephone calls and miscellaneous expenses, although justifying the expense, does not readily relate particular expenses with particular receipt items. It is recommended that expense statements must list separately on the expense statement form all expenses covered by receipts justifying multiple expenses. (See appendix, revised expense policy, page 3, "Expense Statements," para. 3.)

#### 14. Submission of Receipts

While a major portion of the District's expense costs are made up of items for which receipts should be issued, actual submission of receipts is largely a matter of personal practice.

It is recommended that for expense claims to be processed, receipts must be submitted for the cost of all ground transit claims over \$2.50, all meal expenses exceeding \$2.00, all hotel and airfare costs, all business conference costs, and all gasoline and parking lot expenses whenever practicable, but, in any event, for all items exceeding \$5.00. (See appendix, revised expense policy, page 3, "Expense Statements," para. 4.)

#### 15. Incidental Ambassador Program Expenses

There are presently no formal policy guidelines regarding District reimbursement for incidental expenses incurred while participating in activities stemming from involvement in the Ambassador program. It is recommended that the District's responsibility for reimbursing the cost of participation in Ambassador program activities be ordinarily limited to one activity per month. (See appendix, revised expense policy, page 10, "Professional Meetings and Seminars," para. 2.)

#### 16. Multiple Staff Participation

While many seminars, conferences, business conferences, etc., require multiple staff participation, the nature of most events suggests that single representatives are adequate. It is recommended that unnecessary multiple staffing at such seminars, conferences and business conferences be avoided, and that individuals attending such events shall prepare a written report for circulation to interested employees whenever practicable. (See appendix, revised expense policy, page 11, "Professional Meetings and Seminars," para. 4.)

#### 17. One-Day Seminars and Trips

Occasions arise when District employees have opportunities to participate in one-day seminars or trips. It is recommended that the District reimburse employees for mileage incurred in excess of their normal work trip for mileage, but not reimburse employees for meals and incidental costs incurred during normal work hours on a one-day trip or seminar. (See appendix, revised

expense policy, page 10, "Professional Meetings and Seminars," para. 3.)

18. Out-of-District Reimbursable Mileage

On out-of-District trips of significant distance, air fare is generally less expensive than private automobile mileage and is the usual standard of reimbursable cost on such trips. It is recommended that reimbursable mileage for out-of-District travel shall not exceed the cost of coach airfare without thorough explanation and justification. (See appendix, revised expense policy, page 4, "Transportation," para. 3.)

19. Accurate Expense Allocation

Occasional expenses arise which are improperly applied to expense account classification (Account 5650). These expenses might, for example, relate to personnel training or recruitment rather than business conference or travel expenses. It is recommended that departments originating these types of expenses be responsible to insure that they be accurately described and designated to the proper account.

20. "Miscellaneous Expense Voucher" Form

Adequate expense verification is sometimes made more difficult by the awkwardness of obtaining receipts. It is recommended that a "Miscellaneous Expense Voucher" be implemented to facilitate easy receipt collection. (See appendix.)

## CONCLUSION

While the intent of these recommendations is to construct as complete and comprehensive an expense policy as is reasonable, great attention has been given to allowing employees the freedom and discretion they must have.

The last word in a successful program remains energetic management and the good judgment and prudence exercised by concerned and informed employees.

APPENDIX

# SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

# BULLETIN

EXECUTIVE BULLETIN

No.

Issued:

SUBJECT: Instructions for Travel and Expense  
Reimbursement on Non-Contract Employees

## GENERAL

1. All trips outside the District's service area must be approved in advance. The approval is obtained by use of a Travel Authorization, District Form No. 22-57.

2. Expense accounts are for reimbursement of District employees' expenditures necessary while transacting District business.

(a) Submissions are to be made monthly, but may be more often if the amount exceeds \$50.

(b) Expense accounts should be submitted on District Form No. 22-88 and must have the indicated approvals.

## EXPENSE STATEMENTS

1. All expense statements shall be submitted on the Expense Report Form. All expenses shall be clearly and accurately listed under the appropriate categories.

This may require the use of more than one line per day on the expense account form in order to adequately distinguish between and describe major expenses within a given category and to sufficiently explain and justify various expenses.

2. Within the expense category of "Transportation" should be listed air fare, private automobile mileage, parking, taxi or public transit fares and car rentals.

Under "Meals" should be included any meal expenses incurred at or because of business conferences, overtime work and out-of-town District business trips.

Miscellaneous expenses include local and long distance telephone calls, gratuities, registration for business conferences and other reimbursements for personal expense which are covered as proper business expenses.

3. It is the personal and professional responsibility of each individual submitting expense statements to use great care in maintaining accurate records, in listing separately those expenses which are covered in a larger receipt in a clear and concise fashion, in fully explaining and justifying each expense and in providing a complete record by way of receipts.

4. To be processed, expense receipts must be submitted for the cost of all ground transit claims over \$2.50, all meal expenses exceeding \$2.00, all hotel, air fare and car rental costs, all conference, seminar, or other registration costs, all business conference costs and all gasoline and parking lot expenses, whenever practicable but in any event for all items exceeding \$5.00.

5. In compiling a statement, each expense item which is justified by a receipt shall be designated by an (r) following the dollar amount listed in the appropriate column on the expense form.

6. Expense statements which include expenses for out-of-District travel shall include the Travel Authorization number and a brief explanation of the trip.

7. It is the responsibility of the department manager to thoroughly and critically review each expense item to determine appropriateness, necessity, and reasonableness and to forward the expense statements which meet his approval to the Controller.

#### TRANSPORTATION

1. When possible, tickets for transportation (air and train) should be obtained from the Administration Department Office (Ext. 6491). There may be circumstances when this is not convenient, in which case the traveler can obtain the tickets directly.

2. Air transportation will be by tourist class. However, there may be exceptions in unusual situations which must be specifically approved on a case-by-case basis by the General Manager.

3. The maximum mileage reimbursement for out-of-District travel shall ordinarily be the cost of coach airfare. Any cost exceeding this amount must be explained and justified in detail.

### TRAVEL ADVANCE

1. If the traveler desires an advance of funds relating to an approved trip, he or she must complete District Form No. 22-13, have it approved by the appropriate department head and submit it to the Treasurer.
2. Accounting will deduct the advance from the amount due. If the advance exceeds the expense, the traveler will be billed, payable to the Cashier on the Third Floor.

### TRAVEL IN LOS ANGELES AREA

1. Whenever possible, travel should be by public transportation. If it is impractical to use public transit, District automobiles should be used.
2. Employees will at all times use good judgment in obtaining the most economical means of transportation consistent with accomplishing their official duties in the most efficient and timely manner possible.
3. In the event that no other means is available, mileage and parking will be reimbursed by the District when an employee uses his private auto on District business. Reimbursement will be allowed on a

mileage basis at the rate of \$.15 per mile (actual direct mileage of the trip to destination from home or regular District assignment location, whichever is shortest).

4. Under no circumstances will employees be reimbursed for mileage or parking costs incurred in driving their private automobiles to regular District work assignment locations, except when mileage is incurred as an immediate consequence of uncompensated overtime work.

5. When reporting the use of privately-owned vehicles, Expense Reports must show the dates of travel, explanation of trip, reason why private auto was required, specific destinations and receipts for claimed parking expenses (except when using meters).

6. During normal business hours, neither District nor private automobiles should ordinarily be used in the Civic Center/Downtown Los Angeles area.

BUSINESS LUNCHEAS AND DINNERS

1. On occasion, it is necessary for a District employee to meet with outside parties for business discussions at a luncheon or dinner, either for an initial meeting or as a continuation of a business conference. The expense of the meal may be claimed on your expense statement provided the following information is stated in your claim:

- (a) Date
- (b) Purpose of meeting
- (c) Restaurant
- (d) Names, affiliations and titles of persons present
- (e) Subjects discussed
- (f) Amount paid
- (g) A receipt or copy must be attached to your claim and be so noted on your statement.

For example:

7/2/76

Business conference/luncheon  
(The Rib Room) J. Smith (title  
and affiliation), J. Johnson  
(title and affiliation) new bus  
service, bus maintenance \$8.75

2. Only Department Heads and department staff designated in writing by Department Heads are authorized to incur expenses related to meetings with others while officially representing the District.

3. District staff will not submit for reimbursement expenses that were incurred relating to meetings with other District officials, except when:

- (a) for convenience, otherwise allowable meals for multiple employees during out-of-District trips for example, are included on one expense account, and
- (b) when Directors participate.

These expenses must be reported in the same manner as other business conferences.

4. An important point to remember is the fact that the District does not reimburse its employees for entertainment expense, but only for those necessary expenses that are directly related to District business.

### OVERTIME WORK

Employees who are required by their supervisors to overtime and who shall not be compensated, may incur the cost of dinner at the expense of the District for an amount not to exceed \$5.00.

### ACCOMMODATIONS FOR OVERNIGHT TRAVEL

1. On out-of-town trips the traveler will be reimbursed for the cost of a moderately priced single occupancy hotel room and for the cost of ground transportation. In addition, the traveler will be reimbursed for meals and miscellaneous incidental expenses not to exceed \$15 per day, with additional allowances of \$5 daily in Sacramento and \$10 daily for out-of-town travel because of the higher costs found in these cities.

### LONG DISTANCE COMMUNICATION

1. Long distance calls for business reasons will be allowed provided a statement is furnished showing the person or agency called, the points between

which service was rendered, the date and the amount paid.

2. It is expected that the District will use the least expensive method communication consistent with efficient operations.

#### PROFESSIONAL MEETINGS AND SEMINARS

1. Expenditures or fees incurred while attending seminars, technical meetings, or other meetings directly related to the professional advancement or education of the individual employee or to the immediate interest of the District will be allowed when authorized in advance by the Department Head.

2. Participation in the Ambassador Program will be consistent with these guidelines and will be ordinarily limited to one reimbursable activity per month.

3. Mileage incurred in traveling to one-day seminars or conferences shall be limited to the difference between the employee's normal work trip and actual mileage. The cost of meals

incurred during normal work hours at one-day seminars or conferences are not reimbursable.

4. Department Heads are responsible to insure that unnecessary multiple staff participation and expenses not directly related to District interests or professional obligations are avoided.

#### TRAVEL EXPENSES PAID BY OTHER THAN THE DISTRICT

1. There are occasions when a part or all of the travel expenses of a District employee might be paid by another organization.

(a) When this occurs, the District employee is expected to take all actions necessary to collect the money, including completion of travel expense forms required by the payor.

(b) When payment is received, the check should be endorsed to SCRTD and forwarded to the Treasurer.

2. The above procedure is based on the assumption that the District employee included the expenses of the trip on his District expense statement. If this is not the case, the District employee should keep the travel money provided by the other organization.

Jack R. Gilstrap  
General Manager

### Aggregate Data

In order to present an "at a glance" view of the District's expense account costs, expenses from the six month period from June to November, 1975, were categorized into six types of expense. These categories are:

1. Travel: includes air fare, taxi and bus fares, miscellaneous costs associated with out of town travel and parking;
2. Mileage: mileage reimbursement costs for both non-contract and contract employees.
3. Lodging and meals; including hotel costs and non-business conference meals.
4. Business lunches and dinners: business conferences with non-District personnel.
5. Telephone calls: both local and long distance.
6. Miscellaneous: includes conference and seminar registration fees, incidental purchases.

These categorized and totaled expenses are shown by department and expense type.

Department	Travel	Reim. Mileage	Food/Lodging	Business Conferences	Telephone	Miscellaneous	\$25.00
Schedulers - 3500	1	99	-	-	-	-	158,024
Administration - 9100	44	9	25	16	1	6	6,612
Operations, Gen. - 3099	50	1	38	8	1	12	5,022
Surface, Adv. Planning - 4100	22	9	40	10	1	2	5,821
Marketing, Communications - 4100	15	56	12	7	8	9	5,022
Rapid Transit - 8000	56	1	28	6	-	6	17,737
Other	50	7	25	10	2	6	78,421
Agency Total	31	87	19	8	1	4	

DEPARTMENT EXPENSES BY CATEGORY  
EXPRESSED AS A PERCENT

Agency	Allowed Per Meal	Daily Meals Incidentals	When Meals Are Allowed	Special Additional Daily Allowances	Notes
BART	breakfast, \$3 dinner, \$4	\$20.00	uncompensated overtime business conferences out-of-town over 24 hours		
AC Transit		\$25.00	uncompensated overtime business conferences out-of-town overnight unpaid consultants emergencies		
L. A. County Road Dept.	breakfast, \$3; lunch, \$4; dinner, \$8	\$15		\$5 in Sacramento \$15 in Washington, D. C.	
State of California	dinner, \$5 other, \$4 (overtime)	\$15.55 (out-of- state)	overtime		in-state per diem: \$28 (lodging & meals)
Present RTD		\$25.00	business conferences non-normal work hours		
Proposed RTD	dinner, \$5 (overtime)	\$15.00	uncompensated overtime business conferences out-of-town overnight	\$5 in Sacramento \$10, out of state	
City of Los Angeles		\$35.00 (including lodging)			





# "PLEASE REVIEW" FORM

To: _____	DATE: _____
This expense statement requires the following clarifications before it can be processed.	
<input type="checkbox"/> receipts	Comments: _____ _____ _____ _____ _____
<input type="checkbox"/> proper form	
<input type="checkbox"/> itemization	
<input type="checkbox"/> explanation	
<input type="checkbox"/> other	
J.B. Scatchard Controller	

# "MISCELLANEOUS EXPENSE VOUCHER" FORM

Miscellaneous Expense Voucher
Date _____
Place _____
Detail _____ _____
_____ VENUE
_____ EMPLOYEE