



Expense Reimbursement Policy

Department: Finance

Origination date: 11/30/2016

Last Revised: 1/1/2018

Purpose

This document establishes policies governing the reimbursement of travel, entertainment and other business expenses incurred during the conduct of business as an employee of Steward Health Care System (SHC). It is SHC's policy to reimburse employees for ordinary, necessary and reasonable expenses when directly related to the transaction of business for SHC.

It is the responsibility of each individual approving a travel or personal expense ("expense") to assure the accuracy and appropriateness of the expense(s) and compliance with SHC policy.

Expenses must be approved by the employee's supervisor. Certain expenses require a higher level of authority than employee supervisor. These expenses are noted in the policy along with the level of approval needed. An individual may not approve her or his own expenses nor can expenses be approved by a subordinate.

This policy is intended to comply with external requirements including those of the Internal Revenue Service (IRS) and of federal, state and nongovernmental sponsors.

Scope

Requests for reimbursement of business expenses must be submitted on the *Employee Expense Reimbursement Report*; See **Appendix C**. Original receipts are recommended for all expenses submitted for reimbursement and are required for all expenses greater than \$25.00. Requests for exceptions to this policy must be approved by the SHC Chief Financial Officer.

Travel and personal expenses that are reimbursed following Internal Revenue Service ("IRS") "accountable plan" rules are not included in the gross income of the employee and are therefore not subject to income or employment taxes.

SHC complies with IRS accountable plan regulations, which require that all business expenses be substantiated with adequate records. This substantiation must include information relating to:

- The amount of the expenditure.
- The time and place of the expenditure.
- The business purpose of the expenditure.
- The names and the business relationships of individuals for whom the expenditures were made.

Requests for reimbursement with insufficient documentation **will not be processed** and will be returned to the originator.

Reimbursable Expenses

Travel & Transportation Expenses

Reimbursement will be made for all reasonable and necessary business travel.

Use of a Personal Automobile for Business Purposes

The method of reimbursement for use of a personal automobile is an allowance for miles driven times the current standard mileage rate published by the Internal Revenue Service.

Calculating the Allowance for Miles Driven

Mileage may be reimbursed for personal vehicle travel only for the mileage in excess of normal mileage between the driver's home and primary work location (normal commute).

For example, if an individual who normally works at the corporate office in Boston and whose commute to work is normally 20 miles round trip, is required to go to the St. Anne's Hospital in Fall River for a day and the round trip mileage from home to St. Anne's 100 miles, that individual may be reimbursed for 80 miles.

Substantiation of miles driven is accomplished by using the difference between the beginning and ending odometer readings and must be reported on the *Employee Expense Reimbursement Report*.

- Mileage is not paid for normal commuting.
- Fines for traffic and parking violations are not reimbursable.
- Mileage is only paid to the owner of the automobile in the case of carpooling.
- Tolls and parking are reimbursed if incurred while traveling to/from an off-site location for SHC business.
- A mileage log as well as receipts for parking and tolls should be maintained as support for the business use of your car.

Airfare

Reimbursement will be made at coach/economy class airfare. Reservations should be made as soon as travel plans are finalized to obtain advance purchase discounts. Business Travel must be pre-approved, in writing, by the SHC Exec. VP of HR or CFO. Business Class Travel will not be reimbursed without prior written approval.

Lodging

Hotel/motel accommodations will be reimbursed at mid-range rates and may extend from the night before the day of the meeting or business through the night of the last day of the meeting. Receipts are required for all hotel/motel stays and must include all of the following information:

- Name and location of the establishment
- Dates of the stay
- Allocation of total charges to lodging, meals, telephone calls and any other category of expense

The reimbursement for hotel/motel accommodations for local events must be pre-approved by the SHC Entity Chief Executive Officer.

Rental Cars

Reimbursement will be paid only for mid price/mid range vehicles and will generally be allowed when having flown to an off-site location and a rental vehicle is necessary for local travel to conduct SHC business. The use of a rental car must be pre-approved by the employee's immediate supervisor. Use of Car Services and Limosines will not be reimbursed unless it is pre-approved in writing by the SHC Exec. VP HR or CFO.

Other Travel & Transportation:

Reimbursement of other travel expenses including taxis and other reasonable and necessary expenses will be allowed when the business purpose is fully documented and explained.

Meals & Entertainment Expenses:

Reimbursement will be made for reasonable meals and entertainment provided for employees and business associates when they are incurred during the course of SHC business.

Meals

Reasonable meal costs will be reimbursed when incurred for business purposes or during business trips. Restaurant receipts must contain the name and location of the restaurant, date, and total cost of the meal. The diners' names, business purpose and itemization of any costs aside from food, beverages and tip must be reported on the *Employee Expense Reimbursement Report*. Tips should not be greater than 20% of the total bill.

Alcohol

- Costs incurred for alcoholic beverages during normal working hours should not be reimbursed. However, under certain circumstances such as recruitment, special events or meals (business and/or travel), alcohol expenses may be reimbursed with the appropriate level of approval.
- Submission of alcohol expenses must include the names of attendees and business purpose.
- In no circumstances are alcoholic beverages, considered reimbursable expenses for suppliers, consultants or contractors.
- Employees should act prudently to avoid excessive consumption by guests or employees.

Entertainment

Entertainment expenses include outings to sporting events, theaters, clubs and similar locales when a business discussion takes place during, immediately before or immediately after the event. In order for the entertainment expenses to be reimbursed, the person(s) entertained must have a potential or actual business relationship with SHC or the business discussion should benefit SHC. Entertainment expenses must be pre-approved by the SHC Entity Chief Executive Officer.

Other Business Expenses:

Cellular Phone and Personal Digital Assistant (PDA) Expenses

Cellular Phones

Employees will be reimbursed for calls made and received on their personal cellular phones for the purpose of conducting SHC business. If the employee is charged per call made, the cost of the call will be reimbursed. If the employee has a set dollar plan, the reimbursement for the business call will be the percentage of the set fee equal to the number of minutes of the business call divided by the total minutes.

PDA's

Employees will be reimbursed for PDA usage for the purpose of conducting SHC business. The amount of reimbursement must be included in the employee's respective department budget and must be pre-approved by the SHC Entity Executive Officer.

Conferences & Seminars

All conference and seminar registration costs required by or related to SHC business will be reimbursed, but must be approved in advance by the employee's immediate supervisor.

Other Business Expenses

Reimbursement for reasonable and necessary expenses not otherwise described by this policy may be allowed when fully documented on the *Employee Expense Reimbursement Report*. Approval prior to purchase must be made when the reimbursable cost exceeds \$75. The level of approval is dependent of the type and nature of the expenditure. The approval level will be dependent on the *SHC Authorized Financial Approval Limits Policy*.

Business Expenses not Included in Budget

Business expenses including travel and entertainment that are not included in the approved budget for the year, need to be pre-approved by the SHC Corporate Chief Financial Officer.

Non-Reimbursable Expenses

Employees will not be reimbursed for certain miscellaneous expenses. These expenses include, but are not limited to, airline club membership dues, auto repairs, baby-sitter costs, barber or hairstylist, commuting costs, contributions or donations, country and social club dues and initiation fees, frequent flyer tickets, lost baggage, rental car upgrades, shoeshine, souvenirs, personal gifts and other similar items.

Use of Corporate Credit Cards

In accordance with the SHC policy, all corporate credit card accounts must be cancelled immediately. If the existence of any additional credit card accounts are identified, the AP Manager and Director of Treasury Services must ensure that the accounts are reported to the SHC Corporate Chief Financial Officer and Chief Accounting Officer for immediate cancellation.

On a go forward basis, any requested credit card applications must be approved by the SHC Corporate Chief Financial Officer. Credit card payments will be paid only through the standard Accounts Payable process.

For use of an approved corporate credit card by a non C-suite level employee, all transactions must be approved by the respective Entity President and a designated C-Suite Senior Leader.

Completion of Expense Reimbursement Report

The *Employee Expense Reimbursement Report* must be completed, approved and received by the Accounts Payable Department no later than 60 days from the date the expenses were incurred. The employee must complete the *Employee Expense Reimbursement Report* with all the required information, including:

- Proper account and cost center designations
- Dates and description of expense
- Business purpose for all expenses
- Correct dollar amount for expenses

- Employee’s signature
- Approving supervisor’s signature
- Proper documentation must be attached

Expense Reimbursement Reports should be submitted to the Accounts Payable Department of the employee’s (seeking reimbursement) entity.

Documentation Requirements

Employees are responsible for providing sufficient documentary evidence to support the business purpose of all expenses and to substantiate all business-expenses with proper documentation.

Documentation should be in the form of an original bill or receipt and should include the date, vendor name and location, description of the goods or services purchased and business purpose of the expense as well as total dollar amount.

Employees must attach all original receipts to their *Expense Reimbursement Report*. An original receipt is required for expenses greater than or equal to \$25.

Requests for reimbursement with insufficient documentation **will not be processed** and will be returned to the originator.

See **Appendix A** for documentation requirements.

Review and Approval

The following Steward Health Care personnel originated and approved this policy:

Action	Date	Contact Person and Approvals
Origination Date	11/30/2016	Contact Person: SHC Finance Approved By: Mark Rich, Executive VP, CFO
Revised	1/1/2018	Contact Person: SHC Finance Approved By: John Doyle, CFO, Patrick Lombardo, Executive VP, HR

Disclaimer

The electronic version of this policy is considered to be the controlled version. Printed copies are considered uncontrolled documents. Before using a printed copy, verify that it is the current version.

Appendix A
Documentation Guidelines

Type of Expense	Documentation That Needs to be Attached to Expense Report	Information Required for the Expense Report
Coach Air Travel	Original itinerary and receipt	<ul style="list-style-type: none"> • Date of travel • Business purpose
Business Class Travel Exception	Original itinerary and receipt w/signature of SHC CEO or SHC CFO	<ul style="list-style-type: none"> • Date of travel • Business purpose
Rental Car	Original rental contract and receipt	<ul style="list-style-type: none"> • Dates of rental • Business purpose of rental
Personal Car	No receipt necessary for miles driven Original receipts for parking and tolls > \$25. Log of miles driven	<ul style="list-style-type: none"> • Business purpose • Miles driven per the <i>Standard Mileage Chart</i> or odometer reading when necessary • Miles multiplied by current IRS reimbursement rate
Hotel Room	Original detailed folio itemizing all charges to the room	<ul style="list-style-type: none"> • Dates of stay • Business purpose
Personal Meal	Original itemized receipt (not just charge slip with signature)	<ul style="list-style-type: none"> • Date of expense • Business purpose of trip
Business Meal	Original itemized receipt (not just charge slip with signature)	<ul style="list-style-type: none"> • Date of meal • Attendees at the meal • Business purpose for the meal (either directly related test or associated test elements)
Business Entertainment	Original itemized receipt with the pre-approval by SHC Entity CEO.	<ul style="list-style-type: none"> • Date of event • Attendees at event • Business purpose for the entertainment (either directly related test or associated test elements)
Business Expenses Under \$25	Not required	<ul style="list-style-type: none"> • Not required
Business Expenses greater than or equal to \$25	Original itemized receipt	<ul style="list-style-type: none"> • Business reason for expense • Date of expense

Appendix B.1 of 2

Definitions

Actual Expense Method	Method of reimbursement that requires the employee to provide detailed itemized receipts for all business-related purchases.
Approving Manager	A SHC employee, designated by the <i>Authorized Financial Approval Limits Policy</i> to approve expense reimbursement reports, for the requestor.
Associated Test	One of two Internal Revenue Service (IRS) tests to determine if a meal or entertainment expense is a legitimate business expense. The expense is business-related and reimbursable when (1) the entertainment is associated with SHC business and (2) the event precedes or follows a substantial business discussion
Business Entertainment	Any activity generally considered to provide entertainment, amusement or recreation and may include meals. The expense must be ordinary and reasonable and must meet either the Directly Related or Associated Test.
Business Expense	Reasonable, ordinary and necessary charges for goods or services that support the ongoing work of SHC.
Business Meals	A meal attended by SHC employees which may or may not include other individuals not employed by SHC, and where there is a bona-fide business purpose that meets either the Directly Related or Associated Test.
Business Purpose	The way in which the acquisition of a particular good or service supports and fosters the work of the SHC.
Directly Related Test	One of two IRS tests to determine if a meal or entertainment expense is a legitimate business expense. The expense is business-related and reimbursable when the event takes place in a clear business setting OR (1) the main purpose of the event is business and (2) business was actually conducted and (3) there is an expected business benefit.
Expense Reimbursement Report	Form completed by an employee to obtain reimbursement for business-related expenses paid for with a personal credit card or personal funds while traveling on SHC business.

Appendix B.2 of 2

Definitions

Incidental Expenses	Tips, tolls, and other small dollar business-related expenses.
Ordinary, Reasonable and Necessary Expense	An expense is ordinary if it is normal and customary. An expense is reasonable if a prudent person would incur the expense in a similar situation. An expense is necessary if it is essential to SHC business.
Personal Meals	Meals purchased by an individual while traveling on SHC business. SHC will reimburse up to 3 meals per day of travel.
Principal Place of Business	The location of an employee's main office or permanent work place.

Appendix C

Employee Expense Reimbursement Report

Travel Expense Report

Name		Period	
Address		Date Submitted	
Cost Center/Dept.		Authorized by	

Date	Description of Expense	Airfare	Lodging	Trans (rental , taxi, tolls, etc)	Meals & Tips	Alcohol	Conferences and Seminars	Miles (Personal car use)	Per Mile Reimbur.	Mileage Reimbur.	Misc.	Total \$
										.54		

Total reimbursement due employee	
---	--

Date	Explanation