TO: Fiscal Officers of All State Agencies

FROM: Steven L. Valasek, Director of State Accounting

DATE: October 30, 2006

SUBJECT: Prompt Submission of Travel Expenses

NUMBER: 135

The Illinois Office of the Comptroller (IOC) recently issued Accounting Bulletin 134 which addressed the potential taxable nature of travel expense reimbursements. As a follow up to that bulletin, the IOC has developed the following procedures.

Travel voucher requirements:

1. Each travel voucher is limited to trips that occur in the same calendar month. All trips on a travel voucher must have ending service dates in the same calendar month. Any trip that crosses over a month end must be included on the next month's travel voucher. Any travel voucher that contains trips that end in two different calendar months will be deleted and returned to the agency for correction.
2. All travel vouchers that are submitted electronically must contain a beginning service date (bytes 507-514), an ending service date (bytes 515-522), and a proper bill date (bytes 60-65). The Commercial Voucher File Layout is reproduced in the SAMS Manual (Exhibit 17.20.30-A).
3. Beginning service date should be the date the first trip commences on the travel voucher.
4. Ending service date should be the date that the last trip ends on the travel voucher.
5. Proper bill date should be the date the agency receives a "proper bill" from the traveler. Proper bill is defined in the Prompt Payment Act (30 ILCS 540). Agencies must use a valid date in this field.
6. For manually submitted travel vouchers, the IOC will use the ending date of the last trip as the ending service date and the date of the supervisor's signature as the proper bill date, unless noted differently in the comments section of the travel voucher.

Calculation of 60 day rule:

The IOC will calculate the IRS 60 day requirement by subtracting the Julian date of the ending service date from the Julian date of the proper bill date. If the result is 60 days or less, the IOC will consider the travel voucher in compliance with the IRS 60 day rule. If the result is 61 days or more, the IOC will consider the travel voucher in non-compliance with the IRS 60 day rule.

Travel vouchers that are not in compliance with the IRS 60 day rules – exception process:

If a travel voucher does not meet this IRS 60 day requirement, the agency can submit an "exception" letter (see sample attached) along with the travel voucher. The letter must contain the agency's number, voucher number, traveler's name, a statement of reasonable justification for not submitting the travel voucher within the IRS 60 day rule, signature of the traveler, date of the traveler's signature, indication of approval of exception from head of agency, signature of the head of the agency, title of the head of the agency, and the date of the head of agency's signature.

A statement of reasonable justification for not submitting a travel voucher within the IRS 60 day rule should describe the facts and/or circumstances that caused the late submission of the travel voucher. A reasonable justification may involve unforeseen circumstances or circumstances that prohibited the submission of the travel voucher within the IRS 60 day rule.

The letter must bear the signature of the head of the vouchering agency and, if the authority to sign the head of the agency's name is delegated, the signature of the person actually signing the document. The designee must be authorized to sign commercial vouchers for the agency. The delegation must be on file with a Form SCO-095 at the IOC.

It is the agency's responsibility to establish internal policies and procedures for an exception process.

If a reasonable justification for the noncompliance is noted and is approved by the head of the vouchering agency, the IOC will consider the travel voucher to be in compliance with the IRS 60 day rule.

Travel vouchers that are not in compliance with the IRS 60 day rules – processing through Payroll:

As indicated in Accounting Bulletin #134, reimbursement of travel expenses under a nonaccountable plan are to be paid on a payroll voucher and will be reported on Form W-2.

The payment will be processed as "Additional Gross" income through the payroll system. The payment will be coded a "2" in byte 167 and the amount will be placed in bytes 168

thru 174 on the payroll tape. The Payroll Voucher File Layout is reproduced in the SAMS Manual (Exhibit 23.20.50). The amount is to be titled as "Additional Gross" on the hard copy voucher.   This amount represents other compensation subject to income tax withholding, Social Security, Medicare, federal unemployment taxes and retirement. The additional gross income will be reported on Form W-2 with all other wages; it will not be reported separately.

As a reminder, agencies have the primary responsibility to pre-audit for compliance with this IRS regulation. Agencies should have internal policies and procedures developed on this subject matter prior to implementation on January 1, 2007.

If you have any questions pertaining to the processing of your travel vouchers, please contact Linda Seelbach at (217) 782-3608. If you have any questions pertaining to the processing of your travel reimbursement through your payroll system, please contact Nancy Smith at (217) 782- 4758. Agencies may access this and other Accounting, SAMS and Payroll Bulletins on the Comptroller's website at www.ioc.state.il.us under Resource Library.

AGENCY CODE # __ __ __   FY _____   VOUCHER # _____

REASONABLE JUSTIFICATION FOR LATE SUBMISSION OF TRAVEL EXPENSES

Agency: _____

Traveler's Name: _____

Ending Date of Travel: _____

Date Travel Voucher Was Submitted: _____

REASONABLE JUSTIFICATION FOR LATE SUBMISSION OF TRAVEL EXPENSES:

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I certify that the above statement is true and correct.

Traveler's Signature: _____ Date: _____

( ) I approve the request for an exception to the IRS 60 Day Rule for the travel voucher listed above.

( ) I do not approve the request for an exception to the IRS 60 Day Rule for the travel voucher listed above.

Agency Head Signature: _____

Title: _____ Date: _____