



# State of Arizona Accounting Manual

Topic 50 Travel

Issued 05/01/15

Section 65 Vendor and Other Non-employee Travel

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## INTRODUCTION

It is not infrequent that the State finds itself in a position of paying the travel related expenses of its vendors and other non-employees. This section of SAAM establishes the policies and procedures for making such payments.

## POLICY

1. Agreements between State agencies and vendors and other non-employees of any description or legal form, including intergovernmental agreements, should clearly stipulate and limit the types of travel that may be reimbursed and the reimbursement rates that shall apply.
2. To provide equity among payees and to control costs, agencies are strongly encouraged to use State Travel Policy, including its restrictions and reimbursement rates, whenever practicable.
3. Absent written agreement to the contrary, State Travel Policy, its restrictions and reimbursement rates are to be used in reimbursing vendors and other non-employees for travel costs incurred by them when conducting State business.
  - 3.1. If State travel rates for a contracted vendor or other non-employee prove to be unattainable, Federal rates for mileage, meals and lodging may be incorporated into the contract and the vendor or other non-employee may be reimbursed up to such rates.
  - 3.2. Any contract or agreement that would involve reimbursing a vendor or other non-employee for meals, lodging or mileage at rates higher than those promulgated by the U.S. General Services Administration must be submitted to the State Comptroller for approval.
4. Each agency may develop procedures pertaining to the reimbursement of travel costs to vendors and other non-employees.
  - 4.1. These procedures must be consistent with this statewide policy, which may be incorporated by reference.
  - 4.2. Absent an agency-specific policy, this statewide policy applies.
5. All reimbursements related to travel shall be for a valid public purpose and limited to available spending authority and cash.

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6. The benefit to the public must demonstrably outweigh the cost associated with travel reimbursements.
7. Travel costs paid to vendors and other non-employees must always be paid on a reimbursement basis:
  - 7.1. Public monies are not to be advanced to vendors or other non-employees for travel.
  - 7.2. Only the actual costs, in the case of meals, lodging and common carrier fares, may be reimbursed.
  - 7.3. Vendors or other non-employees may be reimbursed for mileage at the published State reimbursement rates.
8. Travel costs paid to vendors or other non-employees must always be supported by appropriate documentation.
9. The IRS does not require that travel reimbursements paid to independent contractors or other non-employees be reported on Forms 1099 if the expenses are substantiated and paid in accordance with State policy.
  - 9.1. Original documentation substantiating the unreported travel reimbursements to vendors or other non-employees must be collected and retained by the paying agency.
  - 9.2. The practice of not reporting the payment of vendor or other non-employee travel reimbursements should, though legal, to the extent practicable, be avoided as it imposes additional recordkeeping requirements and the costs associated with that recordkeeping upon the paying agency.
10. Reimbursements of vendor or other non-employee travel must be coded to the appropriate expenditure object.
11. As with any other expenditure, suitable internal controls, including segregation of duties sufficient to assure that no single person has control over transactions involving the reimbursement of vendor or other non-employee travel expenses, must be implemented and maintained.
12. The agency head or his designee is responsible for assuring that all travel reimbursements result from approved, official State business.