

 Travel & Expense Guidelines	Effective Date: 8/1/2012	Number: EXP001
	Revision Date: 4/5/13	

1.0 PURPOSE

The purpose of this document is to establish the responsibilities, authorization limits and guidelines for travel and entertainment expenses.

2.0 SCOPE

This applies to all full-time, part-time and temporary employees of Connections Education. Teachers and Administrative Staff operating within a charter school must adhere to the specific school exceptions outlined in the Charter School Supplement.

3.0 PRINCIPLES

- A.** Travel and Entertainment expenses must be generated for a business purpose. The purchase of personal items as part of the travel and entertainment will not be reimbursed by Connections Education. The application of these guidelines must be consistent throughout Connections Education and any exceptions must be reported and reviewed by the designated officers of Connections Education.
- B.** The purchase of capital expenditure or inventory items is not allowed as a reimbursement on an employee's travel and entertainment expense report. All such items must be processed through the Purchasing Department. The only exception to this is when an employee is onsite and circumstances require immediate attention. The employee is responsible for ensuring all required forms/documentation are complete as soon as possible.
- C.** The timely reporting of travel and entertainment expenses is important for Connections Education to maintain accurate financial records and ensure the items purchased are recorded as expenses in the correct fiscal period. Expenses incurred during the period but not recorded in the financial records results in the misstatement of Connection Education's reported financial results and its failure to follow Generally Accepted Accounting Principles ("GAAP"). The GAAP rules require expenses to be recorded in the period that they were incurred.
- D.** This document outlines the allowable expenses for each category. Employees who do not comply with these guidelines may be subject to delay or withholding of reimbursement and/or disciplinary action.

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4.0 RESPONSIBILITIES

A. All Employees requesting the reimbursement of travel and entertainment expenses incurred on behalf of Connections Education are responsible for submitting a T&E Expense Report in compliance with this document. The employee’s manager must approve all expense reports. No employee is authorized to approve his/her own, a peer’s or a manager’s travel expense report. The preferred method for submitting expense reports is via Issue Aware from the employee to their manager for approval and then to Accounts Payable. The creation and submission of the IA will serve as an electronic signature from the employee. If an employee is submitting via paper, they must sign his/her own expense report and have their manager sign indicating their approval of the expenses.

B. The Department Manager (or equivalent employee performing this function) is responsible for knowing current travel policy and informing their departmental staff of company policy and procedures. The Manager will verify and approve expenses in accordance with company policy by signing the expense report or giving written authorization.

C. Travel Authorizations and Approval Limits

I. Authorizations

- a. Please refer to Appendix A, *Expenditure Approval Limits*, of the Delegation of Authority Policy which supersedes the limits outlined in this document.
- b. The authorization limits per T&E expense report submitted:

i.	President & CEO	Over	\$50,000
ii.	Executive Vice President	Maximum	\$50,000
iii.	Senior Vice President	Maximum	\$50,000
iv.	Vice President, Vice Pres. of Schools	Maximum	\$50,000
v.	Senior Director	Maximum	\$25,000
vi.	Director, Principal or Top School Leader	Maximum	\$25,000
vii.	Senior Manager	Maximum	\$ 5,000
viii.	Manager, Assistant Principal	Maximum	\$ 5,000

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II. Delegation of Authority

- a. An Authorizer may delegate their approval of a travel and expense reports only to an employee in a similar position or higher in their organization.
- b. The Authorizer must create an IA or email their request to delegate approval authority to Connections Education’s Accounts Payable Department.
 1. The IA/email must include the following information:
 - a. The Name and Title of the Delegate
 - b. The Effective Date of the delegation
 - c. Period of Time
 - d. Dollar Limit and Type of Expenditures (travel and expense)
 2. The Delegate must reply to IA/email acknowledging and agreeing to the delegation.
- c. An Authorizer may only delegate their approval authority for a specified amount of time in their absence. Delegation authority will terminate upon return of the Authorizer. Subsequent delegations must be documented with a new IA/email request.
- d. The Delegate may not sub-delegate their approval authority.

D. The Finance Department is responsible for ensuring travel and entertainment related expenses are properly authorized, accurately recorded and reimbursed to employees in a timely manner. The Finance Department will also monitor policy compliance, perform audits on travel and entertainment expenses and update policies and procedures, as required.

5.0 PRACTICE STATEMENTS

A. Expense Report

- I. In general, expenses reimbursed under the accountable plan are not required to be included in the employee’s income. *The Internal Revenue Service (“IRS”) guidelines for Travel and Entertainment, pub. 463* states, “To be an accountable plan, your employer’s reimbursement of allowance arrangement must include all of the following rules.”
 - a. Employee’s expense must have a business connection – that is, you must have paid or incurred deductible expenses while performing services as an employee of your employer.

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- b. Employee must adequately account to your employer for these expenses within a reasonable period of time. Employee adequately accounts for his/her expenses **within 60 days** after they were paid (if in advance) or incurred.
- c. Employee must return any excess reimbursement or allowance within a reasonable period of time.

- II. Expenditures not documented under these guidelines are not reimbursable.
- III. Personal expenses will not be reimbursed and any included in an expense report will be deducted from the payment.
- IV. All expense reports must be approved by the department manager (or higher level of authority if limits exceed the amounts noted in section **4.0 (C)** prior to initiating payment processing.
- V. Employee must submit approved expense reports and supporting documentation either electronically or by mail to the Accounts Payable Department. For paper forms, please mail to the address below:

Connections Education LLC
 Attn: Accounts Payable Department
 1001 Fleet Street, 5th Fl
 Baltimore, MD 21202

For submitting electronically, please create an IA.
 System- Accounts Payable
 Component- Expense Report or Corporate Card
 Type- Expense Report
 Once you complete the IA please send to your Manager or Department Head for approval.
 The approved IA should be sent to Accounts Payable for payment.

B. Documentation Requirements

I. Business Purpose

The Internal Revenue Service (“IRS”) guidelines for Travel and Entertainment, pub. 463 states that “you must generally provide a written statement of the business purpose of an expense.” The following details must be included in the business purpose of the expense report in order to provide proof of the business expense:

- a. Names of individuals present, their titles and company name
- b. Location or description of the expense
- c. Exact amount and date of the expense

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II. Receipts

- a. Connections Education requires all charges \$25.00 and greater include a receipt attached to the expense report. Receipts must be taped to 8.5 X 11 sheets of paper. A scanned copy of this must be attached to the IA. ***Charter School employees please refer to the Charter School Supplement for guidelines regarding receipts.***
- b. Credit card statements maybe sufficient evidence for expenses that may have been charged directly to your credit card when original receipt is not available, such as a receipt for airfare, when the itinerary is available. Certain items that require detailed information must have a receipt to be eligible for reimbursement, such as supplies purchased from a department store. The credit card statement does not clearly indicate what types of items were purchased and do not provide sufficient support the purchase was job related. .
- c. When a receipt or other proof of payment is not available, the employee must complete a Lost or Destroyed Receipt form. Details about the payee, date, location, business purpose and amount of the expense must be identified on the form. The form must be signed by the employee and their immediate supervisor.
- d. The employee is responsible for maintaining a copy of their expense report and receipts until reimbursement has been made.

III. Charter School Expenses

- a. Corporate employees who incur expenses that will be charged back to a Charter School should submit those expenses on a separate expense report. If there is a charge to a school on an expense report, the entire report is furnished to the school's governing authority and its auditors for invoicing purposes. See Appendix A for list of departments for which we often charge through non-travel expenses to Charter Schools.
- b. Corporate employees should always charge travel related expenses (i.e. airfare, hotel, car rental, meals, etc.) to their home departments. Corporate travel expenses are not charged back to charter schools.
- c. Those expenses should be submitted in accordance with any specific policy addendums of the charter school. These expense reports are subject to the schools audits as well as Connections Educations/Pearson audits. They must meet the schools requirements in addition to our corporate policies.
- d. ***Charter School employees, please refer to the Charter School Supplement regarding corporate expenses.***
- e. It is important to note that alcohol can never be charged back to a school as this violates state and federal policies

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C. Reimbursable Expenses

I. Personal Car Use

- a. Employee using their personal cars for business purposes is entitled to reimbursement for expenses incurred. Certain expenses such as parking tickets, fines, accidents, tows, theft and wear and tear will not be reimbursed and are the responsibility of the employee.
- b. If employees use their personal car on Company business, it is mandatory that they have minimum Bodily Injury and Property Damage insurance protection as required by applicable state laws. The company will not reimburse employees for personal property damage or injury, including deductible amounts, incurred while using a personal auto. Third party injury/property damage incurred while an employee is using their personal automobile should be covered by the employee's personal auto insurance policy (as required above).
- c. In order to receive reimbursement for mileage the employee must specify the purpose of the trip, trip origin and destination, and number of miles traveled (total miles less normal business commute) and the total dollar amount. You may be required to substantiate your business mileage to the Internal Revenue Service and should therefore keep a record of expense claims recording business mileage.
- d. Employee will be reimbursed using the current IRS standard mileage rate.
- e. Normal business commute to and from the employee's designated home office are not reimbursable. See additional details under Home-Base Employees.

II. Airfare/Rail

- a. Employee is to book the lowest available airfares, using reasonable judgment regarding travel times and requirements.
- b. Travel plans should be made as far in advance as possible to obtain discounted rates.
- c. It is the responsibility of the employee to ensure that Connections Education is properly credited for refundable tickets when not used.
- d. If an employee is reimbursed for a ticket and uses it for their personal travel, the employee must reimburse Connections Education.
- e. When the trip is cancelled after the ticket has been issued, the traveler should inquire about using the same ticket for future travel. Unused tickets should be saved for use with future travel. If a non-refundable ticket is exchanged or used for future travel and was previously submitted and reimbursed on a prior expense report only the difference should be submitted for reimbursement on a future expense report where applicable.

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- f. Stolen tickets should be reported immediately to the travel agency that issued the ticket and to the employee's immediate supervisor.
- g. Reasonable charges for check baggage fees will be reimbursed.
- h. Acceptable receipt documentation must include the airline receipt and all boarding passes or the passenger itinerary and another type of receipt that proves travel to the locations, i.e. corporate chard card statement.

III. Auto Rental

- a. Rental automobiles may be used when such use is clearly in the best financial interest of Connections Education.
- b. When traveling alone or with one companion, a compact-sized car should be used. Employees may book a rental class of service one level higher when:
 - 1. The traveler can be upgraded at no extra cost
 - 2. Three or more company employees are traveling together
 - 3. Transporting customers
 - 4. Cars in the authorized category are not available
 - 5. Transporting excess baggage
- c. Rental cars should never be used for personal use. If a rental car is used for personal use then the employee will not be reimbursed for those costs.
- d. Gasoline for use in rental cars is reimbursable with proper documentation unless fuel charges are included in the rental rate and are specifically stated as such in the contract.
- e. Employee is covered under Connections Education's insurance policy and should decline all insurance. Any additional insurance purchased will not be reimbursed.
- f. In the event of an incident where an injury has occurred, please contact the VP of Operations, Robert Pouliot at (410)-725-9671. For any non-injury related incident, please create an IA under Legal/Insurance.

IV. Meals

- a. Meals incurred by the traveler when dining alone on a business related trip are only reimbursable if the event has not been catered.
- b. Catered meals and group lunches are only reimbursable if the meeting is for the benefit of the company, i.e. working lunches, company meetings.

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- c. An itemized receipt must be submitted along with credit card receipt. The credit card receipt alone is not sufficient. Also, the expense report must include the following details:
 - 1. Date of meal
 - 2. Name, title and company of attendees
 - 3. Business reason for meal including description of meal (for example lunch, dinner)
 - 4. Cost of meal
- d. Alcohol purchases are reimbursable for corporate employees as long as the purchase is reasonable and appropriate for the circumstances as to quantity and purchase cost. However, if the entertainment is in connection with any activity which will be charged to a Connections Education customer, such as a charter school, any alcohol purchased must be purchased on a separate charge and reported on a separate expense reimbursement request form with a specific notation that it is not to be charged back to the customer.
- e. Tips are authorized when confined to reasonable limits as determined by the services required and received.
- f. The person in attendance with the most senior title must put the expense on his/her expense report to facilitate review by a more senior person not in attendance.
- g. *Charter School employees, please refer to the Charter School Supplement regarding meal expenses.*

V. Entertainment

- a. Reimbursement of entertainment expenses is appropriate only when business discussion takes place during, immediately before, or immediately after the event.
- b. All business entertainment items must include the following:
 - 1. Date of entertainment
 - 2. Name, title and company of person(s) being entertained
 - 3. Business reason for entertainment
 - 4. Description of expense (for example, lunch, dinner)
 - 5. Cost of entertainment
- c. The person in attendance with the most senior title must put the expense on his/her expense report to facilitate review by a more senior person not in attendance.

VI. Lodging

- a. Employee is to book the lowest available standard rate at a reasonably priced hotel.
- b. Employee is responsible for canceling hotel reservations prior to the deadline shown in the itinerary. Employee should request and record the cancellation number and the person

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accepting the cancellation for future reference should an inappropriate no-show charge be billed.

- c. Employee will be held responsible and will not be reimbursed for “no-show” charges unless the charge was the result of circumstances beyond the employee’s control.
- d. Lodging expenses must be substantiated by receipts such as a hotel folio showing the name and address of the establishment, the dates of occupancy, and the daily itemized cost of the accommodation in addition to a credit card receipt or other proof of payment.
- e. Laundry expenses are only reimbursable if the employee is on travel more than 5 consecutive days.
- f. *Charter School employees, please refer to the Charter School Supplement regarding lodging expenses.*

VII. Taxis/Shuttle/Parking Fees

- a. The cost of taxis or car fare to and from places of business, hotel, airport or railroad stations, in connection with business activities is reimbursable.
- b. Employee should use the most economical and practical mode of transportation.
- c. Parking charges incurred while on business travel or working at an office location other than the employee’s home office are reimbursable.

VIII. Employee Gifts

As a company, we realize that managers want to recognize and reward the hard work of their employees and in doing so, may wish to purchase gifts to show their appreciation. The Internal Revenue Service sets strict limits on the types of gifts an employer may provide to employees. In accordance with IRS guidelines, managers are strictly prohibited from gifting cash or cash equivalents, including gift cards or gift certificates, to employees as these types of gifts are considered supplemental wages and are subject to income tax withholding. Accordingly, a purchase of a gift card or gift certificate with a corporate credit card is prohibited and a purchase of a gift card or gift certificate with personal funds will not be reimbursed.

- a. Examples of acceptable gifts include the following:
 - 1. Connections Education or Connections Academy School logo items
 - 2. Group meals (i.e., in office lunch or breakfast)
 - 3. Tangible gifts of property with a value less than fifty (\$50.00) dollars
 - 4. Sporting event tickets with a value less than fifty (\$50.00) dollars
 - 5. Planned staff events (i.e. bowling, picnic)
 - 6. Floral purchases with a value less than fifty (\$50.00) dollars
 - 7. Electronic greeting card

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If a manager purchases a tangible gift in an amount over fifty (\$50.00) dollars, the manager must complete a form which must be signed by the employee, acknowledging the gift's value and the gift's classification as supplemental wages subject to income tax withholding. A purchaser/manager must inform payroll of the taxable gift in an amount over fifty (\$50.00) dollars via Issue Aware using the "Accounting and Finance" IA system, "Payroll" component and "Gift Expense" type so that it may be properly taxed on the next available pay date.

b. Teacher/Employee Appreciation -

Human Resources provides an annual employee appreciation gift to all corporate and school based employees during Teacher Appreciation week. Managers are not tasked with purchasing these gifts for their individual schools or departments.

c. Employee Gifts for Life Events

Human Resources sends flowers or gift baskets to employees for various life events. Managers should coordinate the purchase of such an arrangement through Human Resources.

VI. Other & Miscellaneous

Expenses listed in this category are reimbursable if they are directly business related and require prior approval from the employee's immediate supervisor before the expense is incurred. These items include but are not limited to the following:

- a. Office services (i.e. copies, overnight delivery/postage)
- b. Business gifts/gift cards of minimal value offered to learning coaches or other business affiliates for participation in required school activities.
- c. Seminar fees/ training classes
- d. Dues/subscriptions
- e. Telephone/fax services
- f. Tolls
- g. Laundry if traveling for more than 5 days
- h. Tips, customary and reasonable tips do not require prior approval. Examples of customary tips are:
 - i. \$1.00 bag for a bellhop/porter
 - ii. 15%-20% of cost of meals for wait staff
 - iii. \$ 2.00 a day for maid service

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VII. Home-Based Employees

The following guidelines for expense reimbursement apply to work from home employees. The Corporate Employee Handbook provides additional guidance.

- d. Stipends: Refer to your employee handbook.
- e. Mail: Employees who work at home may request reimbursement of unusual, excessive costs incurred in mailing materials. A receipt from the post office is required for reimbursement.
- f. Travel-Mileage Reimbursement:
 - i. Home-based employees who are required to report to their assigned office location on a regular basis (e.g., once a week, once a month) will not be reimbursed for travel to and from that location on those days. All other travel (including unscheduled travel to the assigned office) will be reimbursed in accordance with section 5.0 (C) I-Personal Car Use. However, the employee will not be reimbursed for the first 60 miles which must be used as a substitute for normal commuting mileage (representing an average one-way commute of 30 miles)
 - ii. Home-based employees that are not required to report their assigned office location at least once a week will be reimbursed for all business mileage in accordance with section 5.0 (C) I-Personal Car Use. However, the employee will not be reimbursed for the first 60 miles which must be used as a substitute for normal commuting mileage (representing an average one-way commute of 30 miles).
- g. Home Office: Employees are responsible for all costs and expenses associated with the setup of a home office / workspace (e.g., costs associated with remodeling, furniture, lighting, repairs, modifications, etc.). Repair, upgrading and/or replacement costs and liability for employee-owned equipment and furniture used during the work-at-home arrangement is the responsibility of the employee.

VIII. CAST

Connections Education has a CAST Coordinator and Committee who is responsible for coordinating social activities and events throughout the year.

- a. All expenses charged to the CAST budget must be approved by the CAST Coordinator.
- b. The expenses must be submitted on a separate expense report.
- c. The following are examples of permitted CAST expenses:
 - 1. Catered meals for all staff
 - 2. Social activities that do not involve alcohol
 - 3. Holiday parties

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- d. The following are examples of prohibited CAST expenses:
1. Happy hours (unless funds are only used for food)
 2. Gifts (any material items purchased for staff)
 3. Gift cards/certificates
 4. Alcoholic beverages
 5. Activities that exclude any group of employees

D. Non-Reimbursable Expenses

Connections Education will not reimburse expenditures of a personal nature, unreasonable or excessive expenses, or those not specifically related to the business conduct of Connections Education. The following are examples of, but not limited to, expenses that will not be reimbursed. *Charter School employees, please refer to the Charter School Supplement regarding non-reimbursable expenses.*

- a. Personal Items – clothing, luggage, etc.
- b. Consumable Goods – cigarettes, toiletries, etc.
- c. Personal Entertainment – theater, hotel movies, etc.
- d. Traffic or parking violations, towing charges
- e. Lost Luggage, money, or personal items
- f. Airline insurance
- g. Interest & delinquency charges on credit cards
- h. Airline membership clubs, Diners Club cards
- i. Pet care/kennel charges
- j. Gift cards for employees
- k. Political contributions
- l. Charitable contributions
- m. Costs associated with setting up an office or workspace in your home

E. Advances

- I. Travel advances are considered the exception and not the rule when an employee travels on business. If a travel advance is necessary, then a check request must be submitted by the Department Manager to Accounts Payable with sufficient notice prior to the travel date in order to process the payment in a timely manner.
- II. Employee must submit an expense report in accordance with these guidelines, see sec. 5.0A or advance will be recorded as income on the employee’s W-2 (“Wages, tips, and other compensation”).

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F. Reimbursement

Connections Education processes reimbursements by check and direct deposit every Friday for expense reports received in Accounts Payable by the previous Friday.

G. Polices and Forms

The following policies and forms can be found in the Virtual Library > Employee Resources > Accounting Resources:

- Expense Report Form
- Lost or Destroyed Receipt Form
- Travel and Expense Charter School Supplement

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Appendix A – List of Corporate Departments for which non-travel expenses (travel expenses for a school board member, event admission fees, furniture, equipment, supplies, etc.) incurred on behalf of a Charter or Blended (Nexus) School may typically be charged through to the school

- **School Business Services - Board Relations**
- **Human Resources – for fees to participate in a recruiting event or job fair**
- **Facilities or MIS – for furniture and equipment**
- **Purchases of supplies or equipment made on a behalf of a charter or blended school are billable to the school and require a separate charter school expense report.**



Travel & Expense Charter Schools Supplement

Effective Date:
08/01/2012

Number:
EXP002

Revision Date:
3/25/2013

1.0 Purpose

The purpose of this Charter Schools Supplement to the Travel & Expense Guidelines is to address the guidelines and/or exceptions for travel and entertainment expenses as it relates to the Charter Schools supported by Connections Education. This document should be read in conjunction with the Travel and Expense Guidelines (EXP001). The following are Charter Schools:

Arizona Connections Academy
California Connections Academy at Ripon
Capistrano Connections Academy
Central California Connections Academy
Commonwealth Connections Academy
Georgia Connections Academy
Indiana Connections Academy
Inspire Academics
Louisiana Connections Academy
Michigan Connections Academy
Mississippi Virtual Public School
Nevada Connections Academy
Nexus Academy of Cleveland
Nexus Academy of Columbus
Nexus Academy of Toledo
Nexus Academy of Grand Rapids
Nexus Academy of Lansing
Ohio Connections Academy
Oregon Connections Academy
South Carolina Connections Academy
Utah Connections Academy

2.0 Scope

This document applies to all Charter Schools except where specified otherwise. Wherever there is any conflict between this supplement and the corporate guidelines, this supplement will supersede the Travel and Expense Guidelines.

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3.0 Practice Statements

A. Documentation Requirements

I. Receipts

- a. Receipts must be provided for all school related expenses for expense reports. Receipts must be taped to 8.5 X 11 sheets of paper.
 - i. Charter schools that reimburse on a per diem basis do not require their employees to submit receipts for meals. However, receipts are required for lodging, entertainment, taxis, airfare, etc.
- b. Credit card receipts are not acceptable as proof of payment for any expenses.

II. Corporate Expenses

- a. Charter school employees who are incurring expenses that will be charged to corporate must submit those expenses on a separate expense report.
- b. These expenses should be approved by the department manager.

B. Non-Reimbursable Expenses

I. Alcohol

Per the School Employee Handbook, “School employees are not permitted to purchase alcohol using a school or company credit card and expenses for alcoholic beverages are not reimbursable.”