



Tampa Armature Works, Inc. and Subsidiaries Standard Operating Procedures

SOP No:	ADM 100
Section:	Administrative
Effective Date:	11/1/2017
Last Revised:	
Policy Owner – Name/Title:	Mike Wherley
Review Due Date:	

TITLE: Travel and Reimbursable Business Expense Policy

POLICY: The Company will reimburse an employee for all reasonable and acceptable expenses incurred in the performance of their duties while involved in reasonable and necessary activities on behalf of and as required by the Company.

The company recognizes that employees who travel away from home to represent the company's business interests must forego their living accommodations and may forfeit personal time. Accordingly, the company will make efforts to provide comfortable and secure accommodations for lodging, meals, and travel for employees; however, these items are not intended to be prerequisites. The company reserves the right to deny reimbursement of expenses that are considered lavish or extravagant.

All reservations required for business travel and entertainment will be made through the Travel coordinator, Corporate Headquarters, in Riverview, Florida. Expenses are to be within established company guidelines and will be reimbursed upon receipt of proper documentation.

PURPOSE: To provide guidelines pertaining to travel, per-diem and entertainment expenses and the procedures for reimbursement. This Policy provides uniform systems for reporting and reimbursement of ordinary and necessary business expenses incurred by employees. A deviation from the policy and procedures may result in the loss of a tax deduction for TAW or additional taxable income to the employee.

SCOPE: This policy applies to all TAW full time and part time employees.

Responsibility and Approval:

TAW will reimburse employees for all reasonable and necessary expenses while traveling on authorized company business or entertaining business clients. TAW assumes no obligation to reimburse employees for expenses that are not in compliance with this policy. The TAW Controller, Treasurer or Chief Executive Officer must approve any deviation from this policy. Employees who do not comply with this policy may be subject to delay or withholding of reimbursement and/or disciplinary action up to and including termination.

Each expense report must have two local approvals. The employee's direct supervisor or manager, and the location/plant or department manager. Employees are required to obtain supervisory approval for their expense reports. It is the responsibility of each employee to understand and comply with the business expense policy prior to submitting expenses for payment.

Supervisors are responsible for accurately approving expense reports in Databasics (our expense reporting software) for business expenses incurred by their employees. Supervisors are required to understand and comply with business expense policies. Supervisors should review planned spending with employees prior to incurring business expenses on behalf of TAW.

Plant managers, department managers, and regional managers are responsible for approving expense reports for their location and insuring employees understand and comply with the TAW business expense policy.

Reimbursements for Business Expenses:

TAW will reimburse employees for legitimate approved business expenses as defined below:

- a) TAW will reimburse employees for ordinary and necessary business expenses only if the expenses are adequately substantiated as required by TAW.
- b) Under no circumstances will TAW reimburse employees for business expenses that are not properly substantiated.
- c) All expenses must be submitted for reimbursement 60 days or less from the date the expense was incurred.
- d) All charges to company credit cards must be substantiated in the same manner as the reimbursed expenses.
- e) Advance to employees for expenses must be substantiated 90 days or less from the date of the Advance.

Summary of Prohibited Expenses:

- A. Personal expenses
- B. Expenses not related to TAW business
- C. Payments to individuals
- D. Fines, penalties, or civil citations (parking tickets, speeding tickets are addressed in Driving Policy)
- E. Capital Expenditures
- F. Inventory Items
- G. Prescription medication or controlled substances
- H. Alcoholic beverages
- I. Fuel for Fleet vehicles (addressed in Driving Policy)

- J. Financial Services
- K. Adult Entertainment
- L. Political contributions
- M. Any Expenses or transaction prohibited by any other TAW policy or not related to TAW business
- N. Tobacco Products

PROCEDURES:

1.0 TRAVEL ARRANGEMENTS

- 1.1 All arrangements required for business travel are to be made through the Corporate Travel coordinator (extension 2871 or travel email). The Travel coordinator can solicit better corporate discounts and rates for hotel, airline, and vehicle reservations. Each employee should complete a travel profile regarding their preferences.
- 1.2 To arrange for travel, email or phone, contact the travel coordinator with your travel requirements. Provide all pertinent information, including the appropriate approvals. For maximum savings, travel requests should be submitted 15 days in advance of travel, unless an emergency trip is required.
- 1.3 The travel coordinator will make the arrangements and provide the traveler a travel itinerary and any tickets or reservation forms.
- 1.4 **Cash Advances**
The company discourages cash advances, unless special circumstances apply. Employees are encouraged to obtain their own credit cards, with an adequate grace period to provide float time between incurring the expense and receiving reimbursement from the company.

If the employee requires a cash advance, a Check Requisition (Exhibit 3) must be completed and approved by the immediate supervisor. The advance will be paid by either the local branch or by the Accounting Department. The check requisition form must be attached to the Travel Request and forwarded to the Accounting Department for processing.

When a cash advance is received, the employee's expense reimbursement will be reduced by the amount of the cash advance. In the case where the cash advance exceeds the expenses for the report submitted, the remaining cash must be returned to the Accounting Department with the expense report. Amounts owed the company cannot be carried forward to a future expense report. Any advance outstanding for more than 90 days will be deducted from the employee's paycheck.

1.5 Direct Billing

Direct billing arrangements have been negotiated with specific hotels at many TAW locations. Where direct billing is not available, the travel coordinator will charge the hotel room expense to a corporate credit card reserved for travel expenses. Other hotel expenses and incidental charges should be charged to the individual corporate card or personal card and reported on an expense report.

2.0 BUSINESS EXPENSE GUIDELINES

2.1 **Air Travel** - The Travel coordinator will make airline reservations based on the following criteria:

- Expediency - Getting the employee to their destination in an expedient way, using direct flights when possible, or connecting flights if necessary for faster flight schedules.
- Cost - Employee will fly coach class, unless extenuating circumstances apply.
- Carrier - An employee's preferred airline can be utilized, if expediency and cost factors are equal. In most cases, airfare will be directly billed to the company's travel account. On occasion, employees may have no alternative except to book their own flight. If this is the case, employees must use regularly scheduled airlines and obtain the lowest (discount) fare available. Employees may have to fly at times that are not always the most convenient for them.
- Upgrades for air travel are not reimbursable. If an employee wishes to upgrade, it is done at the employees' expense.
- Cancellations – When a trip is cancelled after the ticket has been issued, the traveler should inquire about using the same ticket for future travel. Employees should reuse airline tickets if they are traveling on the same route or airfare eligibility requirements are met.

2.2 **Lodging** - The Travel coordinator will make lodging arrangements based on value and convenience for the traveler, and in accordance with usual and customary company guidelines.

Lodging accommodations will be made for single rooms. If a non-employee, such as a family member or friend accompanies an employee, the employee will be responsible for payment of any excess lodging accommodations. Travel of non-employees with TAW employees must be approved by the TAW employee's Department Manager in advance of travel.

2.3 **Meals** - Employees will generally be responsible for purchasing their own meals while traveling. Meals do not include entertaining guests. Those types of expenses should be itemized as entertainment expenses.

Meals and miscellaneous incidental items incurred during overnight travel will be reimbursed up to a maximum of \$51.00 per day domestic travel and \$80 for international travel. Apart from entertaining a customer, expenses for alcoholic beverages will not be reimbursed by the Company.

2.4 **Per Diem** - Per Diem is an alternative to itemizing meals and miscellaneous incidental items which may be authorized for travel to certain destinations or for special circumstances, such as extended travel. No meal or miscellaneous expenses will be reimbursed if the per diem policy is used. Entertaining customers is reimbursable in addition to per diem; however, the employee's meal portion of the entertainment is not reimbursable and must be deducted. Per Diem must be charged on an employee expense report or a check request and should not be charged on the Company's Purchase Card. For the full days of travel (requires overnight stay away from home) the following policy applies:

Per Diem Standard Rate (overnight stay)

- Within the continental United States -- \$51 per day
- Outside the continental United States -- \$80 per day

Travel Days (departure days and return days on overnight stay)

- Within the continental United States -- \$38.25 per day
- Outside the continental United States -- \$60 per day

If meals are included in the cost of lodging or conference fees, the standard rate must be reduced for the cost of the meal provided. If the employee is provided meals by customers, vendors or TAW, the standard rate must be reduced for the cost of the meal provided. The following rates shall be used to determine the amount of the reduction:

	Reduction of the Standard Rate for Travel within Continental US	Reduction of the Standard Rate for Travel outside Continental US
If breakfast is provided:	\$ 11.00	\$ 12.00
If lunch is provided:	\$ 12.00	\$ 20.00
If dinner is provided:	\$ 23.00	\$ 32.00

To be reimbursed for meals and incidentals claiming the standard rate, employees must submit an expense report with the following information:

- dates of travel
- locations traveled to
- overnight stay – state yes or no
- purpose for the trip

When claiming the standard per diem rate, receipts are not required.

- 2.5 **Daily travel (*not overnight*)** -meal expenses will be reimbursed only if an employee returns home after 7 p.m. or after 12 hours of work. Reimbursement will be limited to an evening meal, with the cost not to exceed \$23.00. This is not an automatic per diem amount. The actual charge with receipt will be reported on your expense report in Databasics.
- 2.6 **Business Entertainment-** TAW will reimburse 100% of all authorized, reasonable, and documented entertainment expenses associated with TAW business. The cost of the employee's meals, tips, refreshments, tickets, etc. are part of the entertainment cost and are to be included in the total cost of such entertainment (subject to the per diem exception, see paragraph 2.4).

Employees will be reimbursed for business-related meals taken with other employees only in the following circumstances:

1. When a customer is present.
2. When at least one company employee is from out of town.
3. When, for confidentiality reasons, business must be conducted off company premises.

The following information is required by the IRS, and must be recorded on the expense report:

1. Names of individuals present, their titles and company name.
2. Name and location of where the meal or event took place.
3. Exact amount and date of the expense. A copy of the itemized receipt must be attached to the expense report.
4. The business purpose - define the reason and the nature of the benefit obtained or expected. There must be a substantial and bona fide business discussion directly before, during or after the meal.

Please note that employees will not be reimbursed for entertaining other employees unless there is a direct reporting relationship between them.

- 2.7 **Alcoholic Beverage Policy** – TAW's policy is to refrain from consuming alcoholic beverages during business functions. However, in the event an employee chooses to consume alcoholic beverages in connection with a business function, the Company expects that employees will act responsibly. An employee who is arrested and convicted for driving under the influence while in the performance of company business, or when returning from a business function, is subject to disciplinary action up to and including termination.

Some of our customers have an Ethics Policy or a code of conduct that their employees must follow. They may not be able to accept any meals, entertainment or gifts from TAW. Employees must inquire if there is an Ethics Policy or code of conduct and must not violate other companies' policies.

2.8 **Miscellaneous Expenses** - Expenses that do not fit into the previous categories, yet are directly business related and therefore reimbursable. The following items may be considered reimbursable business expenses:

1. Office services (i.e., faxes, copies, overnight delivery/postage)
2. Currency conversion fees
3. Laundry/dry cleaning/suit pressing for trips exceeding 3 days
4. Seminar fees/training classes with prior approval
5. Subscriptions with prior approval
6. Professional Organizations
7. Certifications
8. Conferences

2.9 **Entertainment Expenses/Entertaining Customers**

TAW will reimburse expenses for theater, sporting events and other entertainment activities when a business discussion takes place and the event is to entertain TAW customers and further TAW business interests. This section does not cover entertainment expenses pertaining to meals.

When entertainment expenses are expected to exceed \$200 for one event, the employee must obtain prior approval from one of the following to receive reimbursement: CEO/President, Treasurer, Regional/General Manager or Controller or Sales Manager.

2.10 **Vehicle Rentals** - If a vehicle is required at the destination, advance arrangements will be made by the Travel coordinator. Vehicle selection will be based upon the most cost-effective class that satisfies requirements for the employee(s) and any demonstration equipment. No one except the authorized employee who is listed with the vehicle rental company will be allowed to drive the rental vehicle.

Employees may rent a car to get to their destination when driving is more cost effective than airline travel. Employees may rent a car at their destination when it is less expensive than other transportation modes such as taxis, Uber, airport limousines and airport shuttles or when entertaining customers. Whenever multiple employees are traveling together, make every effort to rideshare or carpool. When picking up a rental car, check with the rental car agent for any promotional rates, last-minute specials or free upgrades. At the time of rental, inspect the car and be sure that any damage found is noted on the contract before the vehicle is accepted. When plans change, employees are responsible for working with the Travel coordinator to cancel rental car reservations.

DO NOT ACCEPT SUPPLEMENTAL AUTO INSURANCE COVERAGE offered by vehicle rental agencies. You will receive, with your travel itinerary, TAW's blanket policy number and a 1-800 number to contact in case of an accident. TAW's copy of insurance coverage can be obtained from the Travel coordinator.

Domestic travelers should not accept the collision insurance offered by rental agencies since our insurance provider covers this. However, international travelers should always accept all insurances offered. Additionally, whenever possible, the prepaid gas option should be declined. Rental cars must be returned as follows:

1. To the original rental city unless approved for a one-way rental
2. Intact (i.e., no bumps, scratches, or mechanical failures)
3. On time, to avoid additional hourly charges
4. With a full take of gas or where the fuel level was when they picked up the vehicle

Should an accident occur in a rental car, employees must immediately contact the rental car company, local authorities and the Human Resources Department. Human Resources will connect you to our insurance provider to report the incident and provide a statement.

2.11 **Rental Car Gas**

Gasoline for use in rental cars is reimbursable with proper documentation/receipt.

2.12 **Taxi/Shuttle/Parking Fees**

The use of airport shuttles, Uber and taxis upon arrival at the employee's destination is the preferred mode of transportation. Make sure to ask for a receipt if one is not offered. This documentation aids in the expense-tracking process.

- 2.13 **Personal Vehicles** - Employees may use their personal vehicle for business purposes if it is less expensive than renting a car, taking a taxi, or using alternate transportation. Personal vehicles may also be used when transporting company goods for delivery or entertaining clients. It is the personal responsibility of the vehicle owner to carry adequate insurance coverage for their protection and for the protection of any passengers. TAW requires that employees who regularly use their personal vehicle for Company business maintain a minimum of \$100,000/\$300,000 bodily injury coverage and \$50,000 property damage coverage on their vehicles. An employee required to use their own vehicle for business will be reimbursed at the prevailing mileage rate unless the employee is enrolled in the Runzheimer Vehicle Expense Reimbursement program. Runzheimer participants will be reimbursed in accordance with that program. For mileage reimbursement, the employee must provide documentation on the expense report including dates, miles traveled and purpose of trip. If not in the Runzheimer program, employees using their personal vehicles for company business must provide evidence of insurance to TAW. If not on file, this may be attached to the Expense Report. Any parking tickets or other law violations are the sole responsibility of the employee. All other TAW driver safety policies and requirements must be adhered to.

2.14 **Mileage** – Mileage incurred in excess of the employee’s initial commute from home to the Employee’s TAW home office for either corporate or client business is reimbursable at the predetermined rate programed in Databasics. Databaics uses the standard mileage rate as proposed by the Internal Revenue Service. This applies to both in town and out of town assignments. If you are required to travel during the day to customers or to another TAW office after your initial commute, your mileage is reimbursable and chargeable to the project.

For instance:

- Employee A - lives 20 miles from TAW home office and is assigned to a customer that is 35 miles from the employee’s home. Reimbursable mileage is 15 miles
- Employee B - lives 40 miles from TAW home office and is assigned to work on a customer that is 20 miles from the employee’s home. Employee B is not eligible for mileage reimbursement.

2.15 **Safe Operation of Motor Vehicles** - All employees are expected to operate motor vehicles, whether rental or personally owned, in a safe manner and in compliance with state laws. This includes wearing safety belts, adhering to posted speed limits, obeying traffic signs, and avoiding distractions such as the use of cell phones. If a cell phone must be used it should be used in the hands free Bluetooth mode or pull off to the side of the road.

2.15a **Sun Pass** – If you use a company vehicle, the Sun Pass should be registered as a corporate account. If you have a personal Sun Pass account and use it for work, you should submit an itemized Sun Pass statement noting which tolls are business related and which are personal on your expense report in Databasics. **No personal Sun Pass account should be linked to a corporate purchase card.**

2.16 **Telephone** - Business related telephone charges on an itemized lodging receipt and/or telephone charge card should be itemized under telephone expense. If an employee is out of town on business for several days, the employee may make personal telephone calls if the charges and length of calls are reasonable.

2.17 **Receipts** - All entertainment and miscellaneous expenses (regardless of amount) require receipts. All business travel and entertainment expenditures incurred by employees of the company are remitted through Databasics. Expense reports should be completed and turned in within two (2) weeks of returning from travel or for other incurred expenses. However, all expenses must be submitted for reimbursement no later than 60 days from the dated the expense was incurred.

Expense report forms must be filled out and totaled. Use the appropriate headings and total on a daily basis. Required receipts for items charged must be attached to the report. Any questions regarding completion of the report should be directed to the employee's supervisor or the Accounting Department.

Upon completion, the expense report (along with all attachments) will be submitted electronically to the employee's supervisor for approval. All expense reports will also be reviewed and approved by the Plant Manager and other management depending on level. After all approvals, the expense report is submitted to the Accounting Department for processing and reimbursement. To expedite reimbursement, the employee should ensure that the report is completed properly, and all required documentation attached, proper authorization obtained, and any unusual items properly explained and documented.

Authorized expense reports will be reimbursed through direct deposit within two weeks of the final approval by the Accounting Department.

- 2.18 **Donations & Charitable Contributions** - TAW has outlined donations and charitable contributions in a separate policy. All Donations and charitable contributions provided by the Company must be compatible with our business activities and reflect our commitment to operating in an ethical manner. Donations and Sponsorship will not be given to organizations that the Company is in legal or financial conflict with or connects the Company to any political party or group. All Charitable contributions must be approved by the Company Chief Executive Officer.
- 2.19 **Political Contributions** – Employees are not allowed to make any political contributions on behalf of the company or use the company's credit card to make personal contributions. TAW will not reimburse any political contributions made by an employee. **Doing so may be a violation of Federal Law.**

CHECK REQUISITION

Date _____ Check No. _____

Pay To: _____ Amount \$

Remarks: _____

Charge Account No. _____ Requested By: _____