

MEMORANDUM



To: Heads of Budget Divisions
Heads of Academic & Administrative Departments
Faculty General Managers
Department Managers

From: Nigel Waugh
Vice-Principal (Human Resources)

Date: 23 October 2008

Title: Notice of changes to 'Travel Associated with University Work' Policy and Travel Approval forms

Background

On 15 October 2008 the Senior Vice-Principal approved amendments to the 'Travel Associated with University Work' policy on the recommendation of the Administrative Policies and Practices Group (APPG). Amongst other things, the changes provide greater clarity regarding entitlements and taxation implications for staff who combine business and private travel.

These changes followed broad consultation with staff, Deans, Heads of Budget Divisions and Faculty General Managers on the draft policy.

Policy Changes

The 'Travel Associated with University Work' policy changes provide:

- a. greater clarity for all staff in relation to their obligations under the policy;
- b. greater clarity for staff and supervisors of their obligations to the Australian Taxation Office (ATO) in relation to the retention of travel diaries and implications for combining private and business travel;
- c. improved compliance with ATO requirements around business travel;
- d. the inclusion of the Travel Diary requirements in the travel approval forms
- e. stronger links between policies, such as Environmental Health and Safety (EHS) provisions; and,
- f. for the removal of an entitlement for Senior Executives to travel business class within Australia.

Form Changes

The HR18 'Travel Approval/Request for Payment' form has also been modified to reflect feedback received through consultation. The key changes are:

- a. the creation of separate forms for International and Domestic travel (HR18 & HR18D forms) (<http://www.hr.unimelb.edu.au/benefits/forms>);
- b. changes in the checklist advice on the form (as a result of input from EHS);
- c. additional approval if travel is to destinations that do not adhere to DFAT advice; and,
- d. inclusion of useful hyperlinks e.g. APS rates, currency converter, vaccination advice; definitions, and Financial Operations website.

Further, the University's Financial Operations Travel Website has been redeveloped to provide clarity regarding the FBT implications of combining private and business travel, with examples

provided to assist interpretation of the policy. A link to this site appears in both the policy and updated HR18 forms.

Please ensure that staff are made aware of these changes. I would like to thank the Melbourne School of Engineering, Financial Operations, Internal Audit and the Senior Vice-Principals Office for their assistance in bringing these policy changes to completion.

Nigel Waugh
Vice-Principal (Human Resources)

Attachment 1: 'Travel Associated with University Work' Policy

14.1. Travel Associated with University Work

(Updated: October 2008)

14.1.1. Overview

The University's travel policies are designed to inform and guide staff in the purchase of travel, authorisation of travel, and the payment/reimbursement of travel expenses when on official University business.

The policy is based on the following principles:

- staff are not out of pocket as a result of officially representing the University, neither should they receive or recover more than is reasonable or incurred;
- staff are provided with appropriate levels of safety, convenience and comfort at minimum cost to the University;
- the University's requirement to comply with all legal (taxation and occupational health and safety) obligations; and
- procedures should be simple to understand and administer.

14.1.2. References

- Fringe Benefits Tax Assessment Act
- Occupational Health and Safety Act 2004
- Council Minutes, November 1997
- Council Minutes, May 2000
- Personnel Policy and Procedures Section 12.4.: SSP(Short) and Other Absences on Academic Duty: Academic Staff; and Section 12.5. Special Studies Program (Long): Academic Staff
- Administrative Policies and Practices Group, June & October 2008

14.1.3 Definitions

Business Destination: The business destination of a trip is the place in which business activity takes place (City/Town).

Private Travel Component: The private component of a trip is the number of days where an employee is not undertaking business activities. Days in transit and *unavoidable delays* between business activities due to weekends, public holidays and scheduling issues will not be counted in the private component where documentation is attached to support the classification of these days as days in transit/unavoidable delays (e.g. Itinerary, explanation of scheduling limitations etc).

Unavoidable delay: A delay between business activities will not be counted as part of the private component if:

- It was essential that the business activities on either side of the delay were undertaken during the trip AND
- The Business Activities could not have been scheduled at any other time (such as to minimise the delay).

Further information is available at (http://www.unimelb.edu.au/finops/resources/fbt/travel_diaries.html)

14.1.3. Responsibilities

Staff who travel on official business and incur travel expenses are responsible for complying with this policy, and advising their approving officer of any variations from the policy requirements. Note: Fringe Benefits Tax (FBT) obligations to the Australian Taxation Office (ATO) apply to both honorary appointees and University Staff.

Deans/Heads of Department and equivalent delegates are responsible for the implementation and application of this policy. The approving officer is responsible for ensuring that any expenses paid or reimbursed comply with this policy.

All University travel and associated expenditure is subject to audit by the University's Internal Audit Department.

14.1.4. Policy

14.1.4.1. Travel Planning

Staff must comply with the Environment Health and Safety Manual Off Campus Work and Travel procedures to ensure work and travel by University staff at off campus locations is undertaken in a safe manner <http://www.unimelb.edu.au/ehsm-new/11.html#11.11> .

14.1.4.2 Travel Approval

A HR18 'Approval for International Travel' form or a HR18D 'Approval for Domestic Travel' form (which can be found at <http://www.hr.unimelb.edu.au/benefits/forms>) must be completed and approved prior to any travel and/or travel related expenses being incurred¹.

The forms outline;

- The purpose of the trip;
- Details of all travel expenditure and funding;
- The payment method for all expenditure, including which items can be paid in advance using the University Corporate Card;
- A calculation of the proportion of private days included in the trip;
- Travel itinerary / diary;
- EHS risk management considerations for low risk travel;
- Links to relevant websites such as DFAT, EHS, and the Occupational Health Service;
- Staff member's and approver's signatures.

The HR18 (or HR18D) form can be completed and stored electronically, although will need to be printed for manual approval. An approved form must be attached to any requests for reimbursement.

Delegations for approval of both domestic and international travel are:

Table 34: Approval Delegations

Person seeking approval	Approver
Academic or Professional staff who are not Heads of Department.	Head of Department.
Heads of Department.	Dean or Head of Budget Division.
Deans.	Provost.
Heads of Administrative Divisions.	Senior Vice-Principal or Vice-Chancellor.
Provost, Pro Vice-Chancellors, Deputy Vice-Chancellors or Senior Vice-Principal.	Vice-Chancellor.

Determination of whether or not travel is essential and exemptions from adhering to DFAT advice is required may only be made by Deans for faculty staff; and Vice-Principals for central administration staff. Further guidelines regarding procedures for travel to high risk destinations are available at Section 11.11.7.3 of the EHS Policy Manual (<http://www.unimelb.edu.au/ehsm-new/11.html#11.11.7.3>).

14.1.4.3. Travel Insurance

¹ Where travel incorporates a combination of both domestic and international travel, a HR18 'Approval for International Travel' form is required.

University travel insurance covers staff, and in some cases dependants, for all travel on University business greater than 50 kilometres from place of employment in Australia and overseas for a 12 month period.

Travel insurance shall be used for work related overseas trips that leave and return to Australia within 12 months. Departments need to ensure that expatriate insurance is provided for overseas travel that extends this time frame. For further information and advice regarding either staff travel insurance or expatriate insurance please contact the Insurance Office (<http://www.unimelb.edu.au/insurance/contact/index.html>)

When combining business and private travel, there may be insurance implications. Details of the University of Melbourne travel insurance policy are available at the Insurance Office website at the following address <http://www.unimelb.edu.au/insurance/>.

14.1.4.4. Airline Club Membership

The Vice-Principal (Chief Financial Officer) may authorise expenditure for airline club membership from funds accruing from or in support of the travel activity. Memberships will be authorised only where there is a genuine University business related purpose. Authorisations should be documented for audit purposes and a register of approved memberships will be maintained centrally.

Authorisation of club membership will only be considered when:

- there is demonstrable evidence that the staff member travels frequently for University business related purposes;
- the level of travel undertaken is corroborated and the application unequivocally supported by the Dean or Head of Budget Division; and
- the expenditure is charged to an appropriate non-government funded account where funds accruing from or in support of the travel activity are held.

Membership may be approved on an annual basis.

Under no circumstances will University funds be used to meet the cost of a life membership; however, a staff member may personally top up an approved allocation for this purpose.

14.1.5. Travel costs

14.1.5.1. Travel Arrangements

When travelling on University business, the purchase of travel services should be made on the following basis:

- traveller safety;
- value for money;
- use of a reputable travel agency. A reputable travel agency is one that is a member of IATA and the Travel Compensation Fund;
- traveller convenience eg. flight times, stopovers, length of flight;
- in common with University purchasing policy, a number of preferred travel suppliers may be designated.

If a preferred supplier is not used, normal purchasing procedures apply. Refer to Finance Policy & Procedure Manual Chapter 8 <http://www.unimelb.edu.au/FinPPM/8.html> for more details. Where fares are more competitive with other airlines, including discount airlines, staff may book directly with the airline rather than deal with a preferred travel supplier.

14.1.5.2 Fares

Fares paid by the University:

- air fares - see below;

- train - first-class return, including sleeper;
- other means - rate to be determined in each case in conjunction with the Head of Department or Head of Budget Division.

Class of Air Travel – International

The Provost, Deputy Vice-Chancellors, Pro Vice-Chancellors, Vice-Principals and Deans of Faculties, or staff at or above an equivalent level, may, on taking into account the nature of the travel, the distance travelled, the pressure and nature of the business to be conducted, travel premium economy or business class overseas.

Economy class airfares must apply in all other instances, save that frequent travellers, or travellers with special health or other considerations, may seek permission from the Dean or Head of Budget Division for payment of a premium economy or business class ticket for overseas travel.

The Head of Budget Division may approve the payment of a first class ticket for either health, occupational health and safety or representational reasons for overseas travel.

Class of Air Travel – Domestic

With the exception of travel by the Chancellor and Vice-Chancellor, all travel within Australia is to be economy class.

Unless it forms part of a contract of employment or is required for exceptional health reasons and supported by a medical certificate, no payments for premium economy, business class or first class tickets should be approved for travel within Australia. Approval is required by the Head of Budget Division in such circumstances.

Nothing in this policy precludes a staff member from using his/her personal funds to upgrade to a higher class of travel (for example using frequent flyer points) at his/her own expense.

14.1.5.3. Accommodation

The University's standard for Australian and overseas accommodation is that rate which, in the opinion of the relevant Head of Department is 'reasonable', having regard to the status of the staff member within the University and any relevant health and safety requirements. Salary levels and accommodation industry ratings can be used as guidelines in determining a 'reasonable' amount.

As a guide, where accommodation is paid for by the University, the following standards apply:

- professional staff up to and including HEW 9 or academic staff up to and including Level C - three star accommodation;
- staff at HEW 10 or above or Level D or above - four star accommodation.

Accommodation expenses are not paid in advance as an allowance and must either be paid by the University using a corporate card, or reimbursed to the staff member on their return.

Nothing in this policy precludes a staff member from using his/her personal funds to upgrade to a higher standard of accommodation at his/her own expense.

14.1.5.4. Meals and Incidentals

Irrespective of the method of payment, expenditure on meals and incidentals will be paid up to the value set down within the Australian Public Service (APS) rates. These rates should be used as guidelines and can be accessed at

[http://law.ato.gov.au/atolaw/view.htm?dbwidetocone=06%3AATO%20Rulings%20and%20Determinations%20\(Including%20GST%20Bulletins\)%3ABY%20Type%3ADeterminations%20\(Including%20GST%20Bulletins\)%3ATaxation%3A2008%3A%2304920180000%23TD%202008%2F18%20%20Income%20tax%26c%20](http://law.ato.gov.au/atolaw/view.htm?dbwidetocone=06%3AATO%20Rulings%20and%20Determinations%20(Including%20GST%20Bulletins)%3ABY%20Type%3ADeterminations%20(Including%20GST%20Bulletins)%3ATaxation%3A2008%3A%2304920180000%23TD%202008%2F18%20%20Income%20tax%26c%20)

These rates are used when paying travel allowances.

The following items are considered as additional to 'meals and incidentals' and subject to separate reimbursement (refer to Section 14.1.7.3) for which claims must be substantiated:

- official entertainment costs (entertainment related to business activities);
- charges for official phone and facsimile calls, and internet access;
- costs of taxis;
- airport taxes;
- visas, etc.

14.1.5.4.1 Meals and Incidentals (same day travel)

Staff who travel for less than a full day (eg. fly out at 8.00 am. and return to Melbourne at 6.00 pm. on the same day) will normally be reimbursed for out of pocket expenses only, not meals. There is no allowance paid.

14.1.5.5. Entertainment

Any funds controlled by the University shall not be used for the reimbursement of costs of personal social functions, tours, entertainment and other non-business related expenses.

14.1.5.6 Combining Business and Private Travel

Where a leave component is added onto business travel a dual purpose will exist. Where the leave is considered insignificant when compared to the business travel days the ATO will accept that the dominant purpose of the trip is business. However, there are FBT implications for private travel that exceeds more than 40% of the total travel time².

Travel must be at least 60% for business purposes. FBT will be payable if the private portion of a trip exceeds 40% of the total trip duration. In cases where the private portion exceeds 40%, in order to avoid the payment of FBT a staff member is required to pay a proportion of the trip costs based on the following calculation:

- An apportionment of the transportation costs (e.g.: airfare) based on business/private days (for example if five days business and ten days private: 33% is not subject to FBT and 66% is subject to FBT); plus repayment of any costs incurred by the University for the private portion of the travel.

Note: The business destination of a trip is the place in which business activity takes place (City/Town). Travel outside of the business destination as part of a private portion of a trip may in the eyes of the ATO be seen as attracting FBT on the value of the *whole* trip (as the total term of the trip may be seen as personal in nature with an added business component).

Staff members whose travel will have a dual purpose (i.e.: business and private travel) should contact the University's Taxation Accountants (<http://www.unimelb.edu.au/finops/pdf/AccOpsWorkFlow.pdf>) at least 14 days prior to travel to discuss any FBT liability that may be created, any issues can be reviewed, and calculations of payments owing undertaken, if necessary. The necessary payments should be made payable to 'The University of Melbourne'. Departments should retain the receipt of monies from individuals with travel documentation.

14.1.6. Travel Funding

² A calculator for determining if FBT applies is available on the HR18 & HR18D travel forms. Further information regarding FBT, and combining business and private travel is available on the Financial Operations Travel website (http://www.unimelb.edu.au/finops/resources/fbt/travel_diaries.html).

Travel on University business may be fully or partly funded.

14.1.6.1. Fully Funded Travel

The University pays all costs associated with fully funded travel. In these circumstances it is expected that the staff member would meet travel expenses by using a University Corporate Card.

If it is not practical or appropriate to use a card, the staff member may be paid a travel allowance to meet meals and incidentals. This allowance will be paid up to the value set down within the APS rates and as such will not appear on the employee's group certificate. All allowances paid are subject to Victorian Payroll tax.

14.1.6.2. Partially Funded Travel

Partially funded travel is where the University does not fully meet the travel expenses. Examples of when this may apply are:

- SSP (Short);
- attendance at conferences;
- absences on research field work;
- absences on special training courses/live in courses.

In these cases the total amount of University funds approved for travel expenses should be stipulated as part of the travel approval.

Wherever possible the University contribution towards travel expenses should be charged against a University Corporate Card as payment of a specific expense. (e.g. airfares, accommodation).

In cases where this is not practical or appropriate the staff member should be paid an agreed amount towards their travel costs. This will be paid as a travel allowance and will appear on the employee's group certificate. All allowances paid will be subject to Victorian Payroll tax.

14.1.6.3 Outside Funding for Travel

Where funds have been provided to the University generally, or to the University on behalf of a particular member of staff, for travel costs, the rules of the funding organisation (eg. regarding class of travel) may apply. Advice of these rules must be attached to the relevant voucher for payment. Refer to Section 14.1.8 for Travel Diary requirements.

14.1.7. Payment method

Travel expenses can be paid by:

- using a University Corporate Card;
- payment of a Travel Allowance; or
- reimbursement

14.1.7.1. Corporate Card

Wherever possible the University Corporate Card should be used to charge all approved University travel expenses. This includes:

- airfares/accommodation;
- conference registration;
- meals;
- incidentals;
- taxi/car rental; and
- other items as detailed in Section 14.1.5.4.

For travel within Australia, the University and the funding Department is able to obtain the benefit of GST Input Tax Credits. All travel handled through the University Corporate Card does not attract Victorian Payroll tax.

All regular travellers should apply for a Corporate Card (refer to <http://www.unimelb.edu.au/FinPPM/12.html#12.5>). Further, where a staff member does not have access to a University Corporate Card, as much expenditure as possible should be charged to a Departmental card in advance of travel.

Guidelines for the use of the University Corporate Card are found at <http://www.unimelb.edu.au/FinPPM/12.html#12.4>.

14.1.7.2. Travel Allowances

Travel allowances will only be granted in advance in instances where the use of a University Corporate Card is not appropriate or practical (for example, due to location).

An allowance is a payment of a pre-determined amount to a staff member to cover an estimated expense regardless of whether the staff member incurs the expected expense. Any amounts not spent must be repaid to the University.

Travel allowances incur Payroll tax which is charged as a travel on-cost.

Travel Allowance may be paid as:

- a calculated amount to cover meals and incidentals up to the value set down within the APS rates. In this case the allowance will not appear on the employee's group certificate.
- an agreed amount to partially cover travel expenses that will be incurred. In this case the amount will appear on the employee's group certificate and they will be responsible for subsequent substantiation to the ATO.

Appendix A contains the APS rates: [Appendix A](#)

14.1.7.2.1 Claiming a Travel Allowance

Details of travel allowances are completed as part of the approval for travel (via the HR18 or HR18D form). The completed form is forwarded to Human Resources for processing (and a copy retained centrally on department records). In order to process the allowance, Human Resources require:

- the approved HR18 or HR18D form;
- an itinerary completed by the staff member;
- a quote giving details of the APS rates for each destination, calculated by downloading the University of Melbourne Travel Calculator located at <http://www.unimelb.edu.au/finops/resources/travel/index.html#links>;

14.1.7.3. Reimbursement

A reimbursement is a payment to compensate a business related expense already incurred. Reimbursements are subject to FBT unless the amount is substantiated and meets the reasonableness test of the ATO.

Any claims for reimbursement must be supported by original receipts/documentation and accompanied by a declaration that the expense is directly business related and it has not been covered by a travel allowance or claimed as a University Corporate Card expense.

Reimbursements are made by completing the Themis Employee Expense Reimbursement form, attaching a copy of the original approved HR18 or HR18D form, and submitting to Accounts Payable.

14.1.8. Travel Diaries

Travel diaries are mandatory for:

- all travel periods greater than five nights within Australia; and
- all overseas travel.

This applies to fully or partially funded travel, irrespective of funding source (including externally funded travel). They must be readily available upon request.

For specific information regarding travel diary content, authorisation requirements, and a template travel diary please refer to http://www.unimelb.edu.au/finops/resources/fbt/travel_diaries.html

The record may be prepared in advance. For domestic travel, Section 7 of the HR18D constitutes a travel diary. For international travel, Section 6 of the HR18 form is the Travel Itinerary/Diary. Accurate and detailed completion of the travel itinerary will constitute a travel diary provided that the traveller reviews the details following the trip and if required modifies the form to reflect all activities which actually occurred.

Where receipts or other documentation for minor expenses are not available, a note in the travel diary will normally be accepted as evidence of expenditure.

14.1.8.1. Retention of Travel Diaries

Departments must retrieve travel diaries and receipts from staff within 14 days of returning from the travel, and retain them in a central location for five years.

Staff whose travel is partially funded must keep their original receipts and travel diaries for a period of five years, and substantiate their tax claims if asked to do so by the ATO. Departments are required to obtain copies of those diaries for retention.