

Implementation Tips for USAID Partners

Sharing Resources and Knowledge Among the Global CSO Community

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Definitions

International Travel—Any travel between two countries

Per diem—The maximum amount of money that the USG reimburses per day to cover lodging and meals and incidental expenses when traveling in connection with your program

M&IE—Meals and incidental expenses

Incidental Expenses—Expenses incurred during travel, such as gratuities and tips for services, laundry, toiletries, etc.

Although your organization's policy regarding the maximum amount for which you may be reimbursed may differ from U.S. government (USG) policy, it is important to note that you will not be reimbursed by the USG for an amount above the maximum set by the USG.

Travel Expenses and Reimbursement

Q. What are the USAID rules covering reimbursement of expenses when traveling for our project? Does our organization need a travel policy?

A. Travel in country or across borders—whether for a conference, field visit, workshop or other purpose—is often necessary to implement your USAID-funded award. Accordingly, your cooperative agreement contains several travel-related requirements that should be reviewed before planning your trip. If your organization has its own written travel policy, you should also review its directives when making any travel arrangements. This article focuses on the value of having a travel policy, what it should address and the USG rules and regulations for travel *per diem*.

Why Put a Travel Policy in Place?

A well-thought-out travel policy defines procedures for authorizing official travel, helps control business travel costs and provides clear guidelines about the types and amounts of expenses that may be reimbursed. A written travel policy also helps ensure that all employees are treated fairly and equitably.

A travel policy should address:

- **Approval**

The process for an employee to request your organization's approval to travel, including the appropriate form to be completed by the traveler, the amount of time in advance that the form should be submitted, and to whom the form should be submitted.

- **Advances**

How advances of funds to be used for travel will be calculated. For example, some policies state that advances cannot be issued for more than a specific percentage of the total estimated travel costs.

When outstanding advances will be reconciled. It is good practice to allow only one outstanding advance at a time and to establish a deadline (for example, within two weeks to one month) by which employees must reconcile their advances upon returning from their trips.

References

[U.S. State Department Foreign Per diem Rates](#)

[Federal Travel Regulations](#)

Items to Consider

USAID Missions overseas sometimes issue local Mission Orders that set maximum rates for *per diem* and travel expenses. Consult your AOR to see if your operating country has created such a policy.

Good Practice

Allow one travel advance at a time; do not issue any new travel advances until the outstanding travel expenses/reimbursement request and trip report have been submitted by the traveler.

• Reimbursement

The types of costs that will be reimbursed (for example, transportation costs, visas, lodging, currency conversion, telephone calls, Internet).

Whether expenses will be reimbursed on the basis of actual receipts or *per diem* or a combination of the two. If a *per diem* basis is selected, then a *per diem* policy needs to be clearly defined for both domestic and international travel.

How employees will account for their travel expenses upon returning from their trips. Many organizations create an expense report template using Microsoft Excel that employees fill out after every trip.

• Exchange Rates

What rate to use for changing foreign currency to local currency. For example, some organizations use official exchange documents as supporting documentation, while others use the exchange rate of a trusted online source, such as www.oanda.com.

NOTE: Once travel rules have been adopted, your organization's policy must be uniformly applied to both USG-funded and other activities, unless the specific contractual agreement under which the travel is being conducted calls for different procedures/requirements.

What if an Organization Does Not Have a Written Travel Policy?

If you do not have a written travel policy, the standard for determining the reasonableness of reimbursement is the regulations published by the U.S. Department of State. Rates are published monthly by country (and cities within a country) at https://aoprals.state.gov/web920/per_diem.asp.

Does a Traveler Need Approval/Authorization?

Your travel policy should require that travelers complete and submit a travel request form (specifying reasons for the travel, dates, estimated cost and so on) to the supervisor.

May a Traveler Request a Travel Advance?

A traveler may wish to request funds in advance of a trip to cover the *per diem* (or actual expenses depending on organization policy) and any other business-related expenses. The amount of the advance and format for the request (for example, travel advance form) should be addressed in the organization's policy. Travel advances are not billable costs to USG awards; only actual travel expenses can be billed to the USG (post-travel).

The USG covers reimbursement of amounts up to but no more than the USG per diem rates established for the location. Any excess charge(s) would have to be paid by the traveler.

NOTE: A common audit finding is that travel advances are not issued according to the organization's own policy.

What is *Per diem*?

Per diem is a daily maximum amount for which a traveler may be reimbursed for each day away from his or her regular workplace on official business.

The per diem allowance is usually composed of two parts:

- 1. Lodging**—a ceiling or maximum rate that may be reimbursed for lodging; lodging is always reimbursed based on actual cost incurred up to the maximum allowable USG rate. Remember: original receipts must be submitted when requesting reimbursement for all lodging costs.
- 2. Meals and incidental expenses (M&IE)**—a fixed daily rate for meals (breakfast, lunch, dinner and related tips and taxes) and incidental expenses (for example, gratuities and tips, laundry, toiletries).

Below is an example of the U.S. Department of State *per diem* rates for Botswana (accessed from https://aoprals.state.gov/web920/per_diem.asp).

Country Name	Botswana	Botswana
Post Name	Francistown	Other
Season Begin	01/01	01/01
Season End	12/31	12/31
Max. Lodging Rate	US\$172	US\$103
M&IE Rate	US\$54	US\$44
Max. <i>Per diem</i> Rate	US\$226	US\$147
Footnote	N/A	N/A
Effective Date	12/01/2009	12/01/2009

If the city you are going to is not listed under the Post Name, use the "Other" rate (see column 2, above) that is published for that country. Also note the "Season Begin" and "Season End" columns and ensure that the rates used reflect the period in which the travel occurred.

NOTE: To get reimbursed for lodging and other travel-related costs of US\$75 or more, the traveler must save and submit all original receipts and invoices to document the expenses. It is a best practice to save all travel documentation, for example receipts under \$75 and boarding pass stubs as well. For meals and personal expenses that fall under M&IE, receipts are not required by the USG, but your organization's travel policy may require them.

Travel Days

The M&IE allowance is calculated on a daily basis. On the day of departure and on the last day of travel, travelers are entitled only to a percentage (based on your organization's policy or the USG default amount of 75%, whichever is less) of the applicable M&IE rate of the authorized travel location. Employees on local day trips are only eligible to receive M&IE if the time away exceeds 12 hours.

What if a Meal is Provided Free of Charge (for Example, by Another Organization) during the Trip?

M&IE should be reduced if meal(s) are provided free of charge during one's travel for business purposes. The website for calculating reductions to the M&IE for the U.S. State Department *per diem* rates can be found at https://aoprals.state.gov/content.asp?content_id=114&menu_id=75

If you develop your own organizational *per diem* policy, it is recommended that it include language about how the M&IE will be reduced should breakfast, lunch and/or dinner be provided free of charge. The amount generally should not be adjusted if complimentary meals are provided by common carriers (such as airlines or trains) or hotels (such as when the hotel rate includes breakfast).

What if Someone Travels to a Number of Different Cities/Countries on the Same Trip and Each has a Different *Per diem* Rate?

If a traveler visits more than one city/country on a trip, then the rate for each city/country should be used for the days in that city/country. The *per diem* reimbursement rate is determined based on where lodging is obtained. If lodging is not required, the applicable M&IE rate to be used is the rate for the location visited. If a traveler without overnight lodging visits more than one location in a single day, the location with the highest M&IE rate can be used.

What if the Actual Lodging Cost or your M&IE Costs Exceed the Maximum Allowable USG Rates?

Although your organization's policy regarding the maximum amount for which you may be reimbursed may differ from USG policy, it is important to note that if lodging or M&IE exceeds the USG *per diem* rates established for the location, the excess charge(s) will have to be paid by the traveler. The one exception to this is if you specifically request and receive USG approval in advance for "actual subsistence" at a higher rate, but this is granted only for special or unusual circumstances.

Good Practice

Advances should be accounted for shortly after completion of the related trip. Failure to reconcile travel advances may result in the travel advance being deducted from the pay of the traveler. (Although this is good business practice, it is important that this be according to the organization's policy.)

For More Information

For this or other issues of *Implementation Tips*, please visit www.NGOConnect.net. The Web site is a dynamic and interactive portal dedicated to connecting and strengthening CSOs, networks and CSO support organizations worldwide.

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What if a Traveler Stays in The Home of a Friend or a Relative?

A traveler who stays in the home of a friend or relative while on official travel may not claim lodging expenses for reimbursement. When lodging is not required, the applicable M&IE rate to be used is the rate for the location.

How does a Traveler Calculate Expenses Incurred with Foreign Currency?

In the case of international travel, most if not all of the expenses will be in foreign currency. To calculate these expenses, the traveler must provide appropriate receipts with the currency rate(s) of exchange applicable for the period of time in country. To obtain the appropriate conversion rate, either use the rate provided at the time of exchange as documented in the exchange receipts or go to a reliable currency exchange website (such as <https://www.oanda.com/currency/converter/>). Be sure to document the exchange rate you use by printing out the web page and submitting it with your expense report.

