



State of Arizona Accounting Manual

Topic 55 Payroll and Personnel

Issued 12/07/15

Section 36 Miscellaneous Employee Reimbursements

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INTRODUCTION

This section of SAAM establishes policies that provide better controls over spending, enhanced accountability and transparency, augmented use of the State's P-Card and the growth of consequent incentives, as well as increased compliance with taxing authorities.

This section of SAAM also limits the types of expenditures for which employees may be reimbursed, and expands the number of HRIS pay codes that can be used to record allowable reimbursements.

This section applies to all employee reimbursements that are not elsewhere addressed in SAAM (e.g., travel reimbursements).

POLICIES

1. Except as otherwise provided, to the extent practicable, the use of employee reimbursements should be avoided in favor of direct vendor payment (by warrant or electronic payment) or payment by P-Card or Travel Card.
2. Reimbursements of amounts less than or equal to twenty-five dollars (\$25) may be made from revolving funds or petty cash.
3. Employee reimbursements, like other expenditures of State monies, should only be made within a framework of appropriate internal controls. Such internal controls include, but are not limited to, segregation of duties, review of claimed reimbursements and their supporting documents, and determination that the contemplated expenditures are for official State business and do not exceed available monies and spending authority.
4. To the extent practicable, employee reimbursements are to be made exclusively through an authorized payroll system.
 - 4.1. For the majority of State employees not employed by one of the State's universities, the applicable authorized payroll system is HRIS. Hence, this section of SAAM and Form GAO-502, "Employee Expense Reimbursement Form," posted on the GAO Website (<https://gao.az.gov/publications/forms>), will deal with the pay codes used in HRIS and the AFIS objects to which expenditures using those pay codes will be posted in AFIS.

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- 4.2. In those situations in which an authorized payroll system other than HRIS or an authorized financial reporting system is in use, pay codes and expenditure objects similar to those set forth in this section of SAAM and the Form GAO-502 or its equivalent are to be employed.
- 4.3. Agencies using an authorized payroll system other than HRIS or an authorized financial reporting system other than AFIS may produce and use their own equivalents of the Form GAO-502.
- 4.4. Employee claims for reimbursement and the approval of such reimbursements should, to the extent practicable, be made using the Form GAO-502 or its equivalent.
5. To the extent practicable, only the types of expenditures set forth on the Form GAO-502, are to be made as employee reimbursements.
6. To the extent practicable, all employee reimbursements are to use the pay codes set forth on the Form GAO-502 or their equivalent in another authorized payroll system.
7. In HRIS, the amounts from the Form GAO-502 should be entered into the HRIS ZR35.2 Screen, entitled "Employee Reimbursements Entry," using the appropriate pay code.
 - 7.1. To accommodate employee reimbursement processing, the two HIRS job roles listed below should be used:
 - 7.1.1. Employee Reimbursement Specialist, and
 - 7.1.2. Employee Reimbursement Approver.
 - 7.2. To acquire the job role of an Employee Reimbursement Specialist or Approver, an individual must:
 - 7.2.1. Demonstrate appropriate knowledge of HRIS reimbursement operations by:
 - 7.2.1.1. Either, currently possessing the job role of Travel Reimbursement Specialist or Approver,
 - 7.2.1.2. Or, successfully completing the HRIS training for Employee Reimbursement Specialist or Approver.
 - 7.2.2. And, be granted appropriate access by his or her agency's security administrator.
8. Accounting Authorization Type 125, "Employee Expense Reimbursements including Travel," shall be used to approve employee reimbursement claims of all kinds (GAO-502, GAO-503EZ and GAO-503AEZ).

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9. Whenever practicable, a P-Card should be used to purchase goods and a Travel Card used for travel purposes. Except as otherwise provided, to the extent practicable, neither employee reimbursements nor revolving fund or petty cash disbursements should be used for office supplies, postage, conference fees and registration, professional dues and publications, equipment acquisitions, professional services, or facility and equipment rentals.
10. If expenses are recorded as “other miscellaneous operating expenses” using HRIS pay code 698, which are, in turn, posted to object 7599 in AFIS, agencies must determine whether such expenditures are individually or collectively financially significant and require to be transferred by journal entry to a more appropriately descriptive comptroller object. To make such a determination, agencies should take into account transparency, materiality and the cost of additional processing required compared to the benefit derived from more detailed and explicit financial reporting.
11. Approved educational assistance must, without exception, be paid as an employee reimbursement through an authorized payroll system using the appropriate pay code.
 - 11.1. A.A.C. R2-5A-405 limits educational reimbursements to five thousand two hundred fifty dollars (\$5,250) per employee per calendar year, unless a greater amount is approved in advance by the ADOA Director.
 - 11.2. The current excludable amount as determined by the IRS is five thousand two hundred fifty dollars (\$5,250).
 - 11.3. Initially, all reimbursements using HRIS pay codes 659 (Educational Assistance Program), 660 (Educational Assistance Other Non-Tax) and 661 (Educational Assistance Other Taxable) will be posted to AFIS using object 7452 (Employee Tuition Reimbursement – Undergraduate and Other). If the reimbursement relates to graduate level education, the agency must transfer the expenditure by journal entry to object 7451 (Employee Tuition Reimbursement – Graduate).
 - 11.4. Educational assistance may, depending upon a number of conditions, be taxable or non-taxable and should be recorded using the appropriate pay code. In general, educational assistance falls into one of the following categories:
 - 11.4.1. The educational assistance qualifies as a working condition fringe benefit. Such reimbursements are non-taxable and are to be recorded using pay code 660 (Educational Assistance Other Non-Tax).
 - 11.4.2. The educational assistance does not qualify as a working condition fringe benefit and its reimbursements are administered as part of a qualified program. The reimbursements are to be made using pay code 659 (Educational Assistance Program).
 - 11.4.2.1. That portion of calendar-year-to-date educational assistance reimbursements qualifies as an excludable amount and will be treated as non-taxable.

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11.4.2.2. That portion of calendar-year-to-date educational assistance reimbursements that does not qualify as an excludable amount will be reported and treated as taxable income.

11.4.3. Other educational assistance reimbursements will be reported and treated as taxable income and should be recorded using pay code 661 (Educational Assistance Taxable).

12. Any reimbursement for authorized employee meals must, without exception, be paid as a travel reimbursement through an authorized payroll system using the appropriate pay code.

13. Employees' claims for reimbursement:

13.1. Should be filed within the later of:

13.1.1. Thirty (30) calendar days of incurrence of the expense qualifying for reimbursement, or

13.1.2. Thirty (30) calendar days of satisfying the requirements for an expense reimbursement (e.g., the posting of grades related to a successfully completed class).

13.2. Must be filed not later than one hundred eighty (180) calendar days of incurrence of the expense qualifying for reimbursement.

14. When traveling for the State, employees are expected to use the Travel Card or be reimbursed using a travel claim. Travel advances to employees are strongly discouraged, should only be used under the most unusual of circumstances when other options are not possible, and then only consistent with State Travel Policy as it applies to travel advances.

14.1. Travel advances, as well as the recovery of and accounting for travel advances, should be effected through HRIS. All travel advances require prior approval from the State Comptroller (See SAAM 5052.).

14.2. Travel advances are to be initially recorded on Form GAO-509A-HRIS and entered into HRIS using Screen ZR80.1.

14.3. Recovery of travel advances are to be entered into HRIS using Screen ZR35.2.

15. Employee uniform expenses, whether incurred as a fixed, periodic allowance or made as a reimbursement are to be paid through HRIS.

15.1. All such expenses will post to object 7311 in AFIS.

15.1.1. Those paid as reimbursements are to be paid using pay code 600.

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15.1.2. Those paid by way of a fixed, periodic allowance are to be paid using pay code 601.

16. The use of the P-Card by State agencies is strongly encouraged:

16.1. The use of the P-Card is more efficient, hence less costly, than issuing a warrant or computing and effecting a revolving fund replenishment.

16.2. Increased use of the P-Card results in increased incentives paid to the State by the issuer of the P-Card.

16.3. The processing of employee reimbursements through an authorized payroll system may be less efficient, hence more costly, than issuing the employee a P-Card.

17. It is important to use the Travel Card, especially on the road:

17.1. It is considerably safer to carry the ETC than it is to carry cash.

17.2. The use of the Travel Card provides better documentation—documentation that can be replaced—than does the use of cash.

17.3. The use of the Travel Card eliminates the need for travel advances. Travel advances are costly to process and result in an undesirable, accelerated expenditure of State monies.

17.4. The use of the Travel Card, if payment is made directly to the Card issuer, generally results in a decreased need for processing employee reimbursements.

17.5. The use of the CTA may result in increased incentives paid to the State by the issuer of the CTA.