



Travel & Expense Policy

Updated: 01/01/2018

Travel & Expense Policy

Purpose:

SEPA recognizes that employees (“Personnel”) may be required to travel or incur other expenses from time to time to conduct business and to further the mission of this organization. The purpose of this Policy is to ensure that (a) adequate cost controls are in place, (b) travel and other expenditures are appropriate, and (c) to provide a uniform and consistent approach for the timely reimbursement of authorized expenses incurred by Personnel. It is the policy of SEPA to reimburse only reasonable and necessary expenses actually incurred by Personnel.

When incurring business expenses, SEPA expects Personnel to:

- Exercise discretion and good business judgment with respect to those expenses.
- Be cost conscious and spend money as carefully and judiciously as the individual would spend his or her own funds.
- Report expenses, supported by required documentation, as they were actually spent.

Expense Report:

Expenses will not be reimbursed unless the individual requesting reimbursement submits a written Expense Report. The Expense Report, which shall be submitted at least monthly or within two weeks of the completion of travel, must include:

- The individual’s name
- If reimbursement for travel is requested, the date, origin, destination and purpose of the trip, including a description of each organization-related activity during the trip.
- The name and affiliation of all people for whom expenses are claimed (i.e., people on whom money is spent (e.g., gifts, meals) in order to conduct business).
- An itemized list of all expenses for which reimbursement is requested.
- Proper authorized signature of employee’s manager

Receipts:

Receipts are required for all expenditures. Receipts must be attached to the expense report when submitted. No expense in excess of \$10.00 will be reimbursed to Personnel unless the individual requesting reimbursement submits with the Expense Report written receipts from each vendor showing the vendor’s name, a description of the services provided (if not otherwise obvious), the

date, and the total expenses, including tips (if applicable). A credit card receipt or statement may be used to document the vendor and date of an expense, provided other required details of the expenditure are fully documented.

Company Credit Cards:

If a corporate credit card is issued to an employee for travel and/or other company-related expenses, the requirements for regular expense reports, explaining charges, as described above under "Expense Report" must still be met. ***Charges may not be made for personal or otherwise "Non-Reimbursable Expenditures" as described below.*** Failure to meet the Expense Report requirements, or making of inappropriate charges will result in loss of the credit card.

General Travel Requirements:

Necessity of Travel. In determining the reasonableness and necessity of travel expenses, Personnel and the person authorizing the travel shall consider the ways in which SEPA will benefit from the travel and weigh those benefits against the anticipated costs of the travel. The same considerations shall be taken into account in deciding whether the benefits to SEPA outweigh the costs, or if less expensive alternatives, such as participation by telephone or video conferencing, or the availability of local programs are available.

Personal and Spousal Travel Expenses. With advance approval from their manager, individuals traveling on behalf of SEPA may incorporate personal travel with their trips; however, Personnel shall not arrange travel at a time that is less advantageous to SEPA or incur greater expenses in order to accommodate personal travel plans. Any additional expenses incurred as a result of personal travel, including but not limited to extra hotel nights, additional stopovers, meals or transportation, are the sole responsibility of the individual and will not be reimbursed by SEPA. Expenses associated with travel of an individual's spouse, family or friends will not be reimbursed.

Air Travel:

General. Air travel reservations should be made as far in advance as possible in order to take advantage of reduced fares.

Frequent Flyer Miles and Compensation for Denied Boarding. Personnel traveling on behalf of SEPA may accept and retain frequent flyer miles and compensation for denied boarding for their personal use. Individuals may not deliberately patronize a single airline to accumulate frequent flyer miles if less expensive comparable tickets are available on another airline.

Lodging:

Personnel traveling on behalf of SEPA may be reimbursed at the single room rate for the reasonable cost of hotel accommodations not to exceed \$130.00/nt. including taxes. The cost of staying in the city in which the hotel is located, and proximity to other venues on the individual's itinerary shall be considered in determining reasonableness. Personnel shall make use of available corporate and discount rates for hotels.

Out-Of-Town Meals:

Personnel traveling on behalf of SEPA are reimbursed for meals for the amount they actually incur for the cost of a meal - not to exceed the following daily guidelines: Breakfast \$10.00; Lunch \$14.00; and Dinner \$20.00. The cost must be reasonable based upon the purpose and the location of travel. Personnel will not be reimbursed for meals paid for or provided by others.

Ground Transportation:

Employees are expected to use the most economical ground transportation appropriate under the circumstances and should generally use the following, in this order of desirability:

Courtesy Cars. Many hotels have courtesy cars, which will take you to and from the airport at no charge. Employees should take advantage of this free service whenever possible. Another alternative may be a shuttle or bus.

Taxis. When courtesy cars and airport shuttles are not available, a taxi is often the next most economical and convenient form of transportation when the trip is for a limited time and minimal mileage is involved.

Rental Cars. Car rentals are expensive so other forms of transportation should be considered when practical. Employees will be allowed to rent a car while out of town provided that the cost is less than alternative methods of transportation.

Personal Cars:

Personnel are compensated for the use of their personal cars when used for business. When individuals use their personal car for such travel, mileage will be reimbursed at thirty-five cents per mile.

In the case of individuals using their personal cars to take a trip that would normally be made by air, mileage will be allowed at the currently approved rate; however, the total mileage reimbursement will not exceed the sum of the lowest available round trip coach airfare.

Parking/Tolls:

Parking and toll expenses, including charges for hotel parking, incurred by Personnel traveling on company business will be reimbursed. The costs of parking tickets, fines, car washes, valet service, etc., are the responsibility of the employee and will not be reimbursed.

On-airport parking is permitted for short business trips. For extended trips, Personnel should use off-airport facilities.

Entertainment and Business Meetings:

Reasonable expenses incurred for business meetings or other types of business-related entertainment will be reimbursed. Detailed documentation for any such expense must be provided, including:

- Date and place of entertainment
- Nature of expense
- Name, titles, and corporate affiliation of those entertained
- A complete description of the business purpose for the activity including the specific business matter discussed
- Vendor receipts (not credit card receipts or statements) showing the vendor's name, a description of the services provided, the date, and the total expenses, including tips (if applicable).

Continuing Medical Education:

Reimbursement shall be made for all costs (travel, lodging, meals, course fee, etc.) *directly associated with obtaining continuing professional education* ("CME/CPE"). Such reimbursement is limited to a maximum of thirty-five hundred dollars per year (for Pathologists), and is to be used exclusively for Continuing Education. Expenses incurred which are not related to obtaining CME's, including but not limited to books, subscriptions and membership fees or dues are not covered under CME but are covered elsewhere in this policy manual. Unused amounts may not be carried over to subsequent years. In order to be reimbursed, all of the following requirements shall apply: receipts must be submitted at one time upon completion of the CME/CPE on the company approved expense report, include a copy of the CME/CPE certificate verifying attendance and CME/CPE credits earned. Any exceptions to this policy must be for good cause and must be approved by senior management.

Books, Memberships, Associations & Dues:

Expenses related to books, memberships, associations & related dues must be approved in advance and are to be *paid directly by the Company*. Employees shall provide *original invoices* to the Company. Under no circumstances shall the employee pay for such expenses and then request reimbursement without prior approval from the CEO, CMO, COO or CFO.

BUSINESS MEALS

SEPA may pay for an occasional, modest meal when you are meeting with a customer and discussing business. SEPA policy prohibits employees from offering anything of value to a healthcare professional or provider to encourage that person to purchase, order, or recommend SEPA services. Giving a thing of value to a client or potential client or anyone in a position to influence the referral of business may be viewed by the government as a violation of the **fraud and abuse laws**.

Scope:

This section covers interactions with all healthcare professionals who may utilize the diagnostic services of SEPA. Note that the definition of healthcare professional is very broad and includes individuals other than physicians and nurses, such as directors, managers and medical office assistants.

General Rule:

It is generally appropriate for SEPA to provide *occasional and modest* meals to healthcare professionals in connection with a discussion of SEPA services, medical education, or other legitimate discussions related to SEPA. Taking a healthcare professional to dinner or other meal solely for “relationship building” is not acceptable. These business meals should involve only individuals who are necessary for the conduct of SEPA business. This means that meals should not be provided to spouses, guests, or office staff that do not actually attend the meeting, or any other person who does not have a bona fide professional interest in attending the meeting.

It is not appropriate to:

- simply drop food off with a client;
- provide a meal for an entire office staff where everyone does not attend the meeting;
- reimburse a healthcare professional for personal meals

Business meals *may not* be provided to encourage any individual or account to use or recommend SEPA.

Setting for Business Meals:

The business meal must occur in a place and manner conducive to business discussion. Meals may occur at the client's place of business. However, offering meals without a SEPA representative present or providing "take-out" meals is not allowed.

Spending Guidelines:

The cost and frequency of the meals provided to a healthcare practitioner in connection with a meeting involving the exchange of scientific, educational, or business information must be modest. The definition of "modest" will often depend on circumstances surrounding the event, such as time of day, venue, and geographic location. However, generally speaking a modest meal might be what a healthcare professional would routinely spend on dining at his or her own expense.

You are responsible for using good judgment to ensure the aggregate value and quantity of business meals to any recipient is reasonable, modest, and occasional. It is important to remember that the government may view meals that are provided too frequently or are too expensive as an improper inducement to utilize SEPA diagnostic services.

Other limits:

- **No Spouses or Guests** - A business meal should involve only individuals who have a bona fide professional interest in the SEPA service discussion. Therefore, spouses or other guests must never be included.
- **Office Staff Attendees** - A business meal may only be provided to those members of a healthcare professional's office staff who have a bona fide professional interest in the information being shared at the meeting.
- **No Cash or Cash Equivalents** – You may never give a healthcare professional cash or cash equivalents (e.g., gift cards/certificates, your credit card) to purchase a meal.

The following are examples of meals that are **NOT** appropriate:

- Taking the same physician to dinner at a four-star restaurant every month (not occasional/too expensive to be modest)
- Meeting an office manager at a "take-out" restaurant and discussing SEPA services while waiting for the food (venue/location not conducive to an educational discussion)
- Giving your credit card to a healthcare professional and telling him/her to "buy lunch" or make some other purchase (credit card provided in this manner is a "cash equivalent;" no SEPA employee present; no conduct of SEPA business can be confirmed)
- Taking a physician and spouse to dinner in a "foursome" with your spouse (including a spouse or guest at a business meal is inappropriate)

- Providing pizza for all physicians and staff at clients office even though the only attendees at the SEPA meeting were two staff employees receiving specimen requisition preparation training; (food provided to an audience larger than that being presented to is inappropriate).

Procedures:

To determine if a business meal is appropriate, ask yourself the following questions prior to providing the meal, the answers must be yes:

- Will SEPA business be discussed?
- Is the venue appropriate?
- Will the meal have a bona fide commercially reasonable business purpose?
- Is the amount of the meal modest?
- Is a SEPA representative present?
- Will the frequency and the total value for all business meals to this healthcare professional and/or organization be considered modest and reasonable?

Documentation of Business Meals:

Business meals must be reported on an approved Expense Report and include all of the following:

- Full name of the customer receiving the business meal
- Each attendee should be identified by name; not acceptable to list position or department
- For events with many attendees (more than 7), the total number of attendees should be indicated
- Full name and address of where the expense took place
- Specific purpose of the expense (e.g. new account set up requisition completion training). It is not acceptable to list only a generic description of the purpose of the expense (e.g. customer relationship building)
- Each expense must be submitted with detailed receipt

Personal Expense:

All business meals must be provided in accordance as described above. It is not acceptable to provide business meals with your personal money to avoid the policy as described above. Providing business meals on a personal expense will be considered a violation of company policy and cause for discipline up to and including termination of employment.

Audits:

Spending for business meals is subject to audit to ensure compliance with the policy, including proper documentation, spending limits, and company spending policy. The government may also request to audit/review expense reports.

BUSINESS GIFTS, ENTERTAINMENT and PROMOTIONAL ITEMS

SEPA and its employees may not provide gifts to clients or potential clients with the intent to induce or influence the referral of business. Entertainment or promotional items may only be provided under limited circumstances.

Gifts, entertainment and promotional items are considered things of value. Giving a thing of value to a client, potential client or anyone in a position to influence the referral of business may be viewed by the government as a violation of the fraud and abuse laws.

GIFTS: No gifts to clients or potential clients.

It is SEPA's Policy not to provide Gifts to clients or potential clients. Gifts may **never** include payments in cash or cash equivalents, such as (a) gift cards; (b) gift certificates; (c) loans; (d) savings bonds; (e) lottery tickets; or (f) airline upgrade coupons.

Entertainment:

- Business entertainment of clients and potential clients is appropriate only if:
 - It is used to promote SEPA' services;
 - A SEPA representative attends the entertainment with the client;
 - The cost and frequency are modest;
 - It is not provided to a client or a potential client if new or continued business is an implicit or explicit condition of the entertainment; and
 - It does not violate any local, state, or federal law, rule or regulation.

Promotional Items:

- Giving promotional items to clients or potential clients is appropriate only if:
 - The items are not provided with the intent to induce or influence the referral of business
 - The total annual value of all promotional items given to any client or potential client does not exceed \$50; and
 - Promotional items display the SEPA name, logo or trademark.

No gifts, entertainment or promotional items may be given directly or indirectly to any government employee.

Nonmonetary Compensation: (cash or cash equivalent) to each individual physician cannot exceed **\$407** for 2018.

Nonmonetary Compensation to each individual physician is permitted as long as:

- The compensation is not determined in any manner that takes into account the volume or value of referrals or other business generated by the referring physician;

- The compensation is not solicited by the physician or the physician's practice; and
- The compensation arrangement does not violate the Anti-Kickback Statute or other Federal or State law

Meals and Entertainment provided to a physician are considered a nonmonetary compensation and therefore must be included in the annual limit.

Other Expenses:

Reasonable telephone and fax charges due to absence of Personnel from the individual's place of business are reimbursable. In addition, reasonable and necessary gratuities that are not covered under meals may be reimbursed.

Non-reimbursable Expenditures:

SEPA maintains a strict policy that expenses in any category that could be perceived as lavish or excessive will not be reimbursed. Expenses that are not reimbursable include, but are not limited to:

- Travel insurance.
- First class tickets or upgrades.
- When lodging accommodations have been arranged by SEPA and the individual elects to stay elsewhere, reimbursement is made at the amount no higher than the rate negotiated by SEPA. Reimbursement shall not be made for transportation between the alternate lodging and the meeting site.
- Limousine travel (unless it is the best or the only alternative).
- Movies, liquor, or bar costs.
- Membership dues at any country club, private club, athletic club, golf club, tennis club or similar recreational organization.
- Participation in or attendance at golf or tennis tournaments, NASCAR races or other sporting events, without the advance approval of the CEO or the COO.
- Purchase of golf clubs or any other sporting equipment.
- Spa or exercise charges.
- Clothing purchases.
- Business conferences and entertainment which are not approved by SEPA management.

- Valet service.
- Car washes.
- Toiletry articles and miscellaneous personal use products including tobacco, coffee, candy, mints, etc.
- Expenses for spouses, friends, or relatives. If a spouse, friend or relative accompanies Personnel on a trip, it is the responsibility of the Personnel to determine any added cost for double occupancy and related expenses and to make the appropriate adjustment in the reimbursement request.

Approval/Authorization Process:

The employee's manager must approve all expense reports. No employee is authorized to approve his or her own, a peer's, or a manager's expense report. The manager is responsible for verifying:

- There is an appropriate business purpose
- The total amounts are accurate
- There is appropriate supporting documentation and receipts
- The expense report is in compliance with the policy

Once approval has been obtained, be sure to make a copy of the signed report along with your receipts to keep for your own records.



Purpose: Expense Report

| DATE | |
|------|--|
| | |
| | |

Name: _____
 Location: _____

Department: _____

| DATE | DESCRIPTION | Air & Trans. | Lodging | Fuel / Mileage | Phone | Meals & Tips | Office Expense | Other | TOTAL |
|------|-------------|--------------|---------|----------------|-------|--------------|----------------|-------|-------|
| | | | | | | | | | - |
| | | | | | | | | | - |
| | | | | | | | | | - |
| | | | | | | | | | - |
| | | | | | | | | | - |
| | | | | | | | | | - |
| | | | | | | | | | - |
| | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |

SUBTOTAL \$ -
 ADVANCES _____
 TOTAL REIMBURSEMENT \$ -

Note: Mileage reimbursement for personal car = \$0.35 /mile

Itemized Expenses or Description for "Other"

| DATE | DESCRIPTION | Amount |
|------|-------------|--------|
| | | |
| | | |
| | | |
| | | |
| | | |

 Authorized By Date

For Office Use Only