

DEANS, DIRECTORS, DEPARTMENT CHAIRS, ADMINISTRATIVE OFFICERS, &  
MEMBERS OF THE FACULTY

Re: Summer 2006 Update on Travel & Entertainment

Dear Colleagues:

I am writing to provide information regarding a recent policy change issued by the Office of the President, an update on the 2006-07 State of California YCAL airfares, and a summary of findings of the recent internal and external audits of travel and entertainment.

**New UC Policy Prohibits Reimbursement for Purchase of Travel Vacation Packages from Internet Vendors.** Many travelers have sought to save money on travel for university business by purchasing vacation-type packages from Internet vendors such as Travelocity and Expedia. These packages sometimes include airfare, hotel, and car rental for one price. Because such package deals are proprietary to the Internet vendors and the hotel, car supplier, or airline, travelers are not able to obtain itemized documentation as required by the Internal Revenue Service. The University of California's outside tax counsel has confirmed that this type of documentation does not meet the Accountable Plan Rule established by the IRS. (This Rule permits employee business expenses to be reimbursed without considering them taxable income. In order to maintain this status with the IRS, all business expenses must be documented in accordance with established IRS requirements.)

In addition, the lack of proper documentation hinders the university's ability to properly record and track travel spending by category, defeating the purpose of the strategic sourcing initiative that is currently underway.

As such, the Office of the President has issued a new policy that precludes reimbursement for these types of expenditures.

**Strategic Sourcing for Travel Has Been Initiated.** The ten University of California campuses have traditionally been unable to capture volume discounts for travel, although it is estimated that travelers spend more than \$250 million annually throughout UC. A UC Travel Council, comprising representatives of all campuses, the three defense laboratories, and Office of the President, has been formed, and subteams have been developed. As the group begins its work, campus customers will be asked to participate in a survey to determine traveler preferences and requirements.

**California State (YCAL) Fares for 2006-07 Have Been Revised.** All UC travelers are eligible to take advantage of these discount airfares, which cover air travel to hundreds of destinations within California, the continental US, and Mexico, Europe, and Asia. The YCAL fares, which can be viewed at [www.travel.ucla.edu](http://www.travel.ucla.edu), are unrestricted, may be cancelled or changed at any time without airline-imposed penalty, and are fixed for the period July 2006 through June 2007. (As of the distribution of this memo, the State has not yet updated their website with the 2006-2007 fares. Please check after Monday, August 7th.) For example, the cost of a roundtrip YCAL ticket from Los Angeles to Washington D.C. (Dulles) is \$560 on American Airlines. A new fare type, the VCAL or GCAL fare, has also been added this year. VCAL and GCAL fares are capacity-controlled but offer even deeper discounts. The roundtrip GCAL fare from Los Angeles to Washington D.C. is \$360.

These fares are available **only** for business travel and **must** be booked through UCLA Travel, which is required to use a special State-issued Direct Bill account. Airline tickets will then be charged directly to the traveler's University fund source, eliminating the need to be out of pocket for the airfare expense and to then seek reimbursement for it after the trip. For additional information on how to book State fares, please visit our web site ([www.travel.ucla.edu](http://www.travel.ucla.edu)). The use of UCLA Travel and the State-issued Direct Bill account is required by the State of California contract, and the fares may not be used for personal travel; it is imperative that proper policy and procedures be followed to avoid negatively impacting the availability of these fares to the entire UC system.

Restrictions have now been placed by most major airlines on nonrefundable airfares, including a requirement to make any changes prior to initiation of a trip (with payment of a penalty), or lose the entire value of the ticket. For this reason, travelers are encouraged to consider the YCAL, VCAL or GCAL fares (also available on the Travel Center web site) when reviewing travel options, especially when there is any possibility that travel may need to be changed or cancelled.

**Findings of Recent Internal and External Travel and Entertainment Audits Provide Opportunity for Greater Compliance.** Several observations of the internal and external audits have been reported to us. They include:

- **Lack of itemized receipts for entertainment and business-meal expenses.** Most restaurants provide an itemized list of food and beverage items purchased so that the purchaser can verify charges. When the purchaser provides a credit card, the server often returns a summary receipt for signature but does not return the itemized bill. University hosts should ask the server for the itemized receipt. They will promptly provide it.

- **Daily meals claimed for domestic travel often equal \$50 for each day of the trip.** UC policy allows travelers to claim actual expenditures up to a maximum of \$50, with no exceptions. If travelers claim \$50 because they have incurred actual expenses in excess of the maximum, they should provide that information in the expense report. If they have not actually incurred \$50 of meal
- expense for a particular day, they should only claim the total of the actual expenses.
- **Travel Express has increased policy compliance.** The auditors have noted that the Express travel and entertainment reimbursement system has decreased the occurrence of errors and noncompliant transactions, due to its built-in policy edits and enhanced data capture and reporting capabilities.

**Direct Billing of Local Hotels Now Available through UCLA Travel Center.** In order to expedite the billing and payment of direct billed hotel rooms at local hotels, the UCLA Travel Center has implemented a new system in conjunction with our four local hotels: The W Hotel, The Hotel Angeleno, The Luxe Hotel , and the Westwood on Wilshire. The Travel Center will make the reservation and arrange for payment upon check out. Departments will prepare purchase orders payable to the UCLA Direct Bill credit card vendor, as they currently do for air tickets. Please have travel arrangers call or email the Travel Center to make hotel reservations that will be directly billed to the University. Agreements with each of these local hotels have been negotiated to ensure the university pays for room and tax only. All other expenses must be paid by the guest by presentation of a personal credit card upon check-in.

Please share this information widely with travelers, program administrators, and other appropriate staff. If you have additional questions about reservations, you may contact Belinda Borden, Manager of UCLA Travel ([bborden@finance.ucla.edu](mailto:bborden@finance.ucla.edu); extension 66060). For questions regarding travel policies or reimbursements, please contact Rebecca Beatty, Director Business Services ([rbeatty@ucla.edu](mailto:rbeatty@ucla.edu); extension 48688).

Sincerely,

***Rebecca Beatty***

Director, Business Services  
Corporate Financial Services