



MEMORANDUM

To: Airports Authority Employees
From: Andrew Rountree, Vice President for Finance and CFO, MA-20
Subject: Airports Authority Business Expense Policy
Date: March 20, 2013

A handwritten signature in blue ink, appearing to read 'Andrew Rountree', is written over the 'From:' line of the memorandum.

Today, the Board of Directors approved the Airports Authority Business Expense Policy for Board members and employees. This Policy provides general guidance on allowable business expenses, and specifically covers employee meetings during a meal (including specific limits by type of meal), Office and Authority-wide functions, meals with Directors or Outside Individuals (including specific limits by type of meal), meals for unusual or unplanned circumstances, official gifts issued by the Airports Authority, non-allowable expenses, as well as the business expense approval process.

The Board approved Policy has been issued by the President and Chief Executive Officer as the attached Business Expense Policy Directive, and is effective today, March 20, 2013. Please pay particular attention to the new limits for meals in Attachment 1. Expenses incurred from this point forward that exceed these limits are not allowed.

Also please note that this Directive intentionally excludes policies and procedures related to business travel. The Travel Policy Directive, FI-004, was electronically distributed to all employees on December 27, 2012.

The Directive is readily accessible for reference on the Airports Authority intranet.

ATR:dp

DIRECTIVE

Metropolitan Washington Airports Authority



Business Expense Policy

DISTRIBUTION: 1, 9

OPI: MA-20

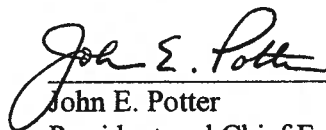
DATE: 3/20/13

Foreword

This Directive sets forth the Airports Authority Business Expense Policy, which covers employee meetings during a meal (including specific limits by type of meal), Office or Authority-wide functions, meals with Directors or Outside Individuals (including specific limits by type of meal), meals for unusual or unplanned circumstances, official gifts issued by the Airports Authority, non-allowable expenses, as well as the business expense approval process. This Directive applies to all Airports Authority employees and Directors.

The Board of Directors voted to approve this Business Expense Policy at a Board of Directors Meeting held March 20, 2013.

Periodic updates shall be issued by the Office of Finance, after approval by the President and Chief Executive Officer.



John E. Potter
President and Chief Executive Officer

3/20/13
Date

Table of Contents

1.	Background and Purpose	1
2.	Distribution	1
3.	Definitions.....	1
3.1.	Approving Official.....	1
3.2.	Business Expense.....	1
3.3.	Business Expense Reimbursement Request.....	1
3.4.	Personal Expenses.....	2
3.5.	Requestor	2
4.	Policy	2
4.1.	General Policy.....	2
4.2.	Allowable Expenses.....	3
4.3.	Non-allowable Expenses.....	6
5.	Business Expense Approvals and Submissions	7
5.1.	Approving Officials	7
5.2.	Business Expense Submissions.....	7
5.3.	Submission Requirements and Timing	8
6.	Exceptions to the Policy.....	9
7.	Questions.....	9
	Attachment 1 – Meal Expense Limits.....	10
	Attachment 2 – Business Expense Reimbursement Request Form AC-100	11

1. Background and Purpose

The purpose of this Policy is to define allowable Business Expenses and to establish procedures for obtaining reimbursement for allowable Business Expenses. The Policy applies to all Directors and employees incurring expenses on behalf of the Metropolitan Washington Airports Authority (Airports Authority).

This Policy is not intended to represent a comprehensive list of items that are allowable, but rather to provide guidance for purchases commonly made by Directors and employees.

2. Distribution

This Policy shall be distributed to all Directors and employees and supersedes Airports Authority Directive AC-001B, dated April 15, 2005 and the Travel and Business Expense Guidelines for Board of Directors dated December 3, 2008.

It should be noted that the Travel Expense policies have been revised and are included in Airports Authority Directive FI-004, Change 1, dated December 12, 2012.

This Policy will be presented to Directors during members' initial orientation and provided to Directors annually thereafter and presented to employees during new employee orientation.

3. Definitions

3.1. Approving Official

Those authorized to approve Business Expense Reimbursement Requests. The Approving Official is responsible for ensuring knowledge and compliance with this Business Expense Policy.

3.2. Business Expense

Business Expense refers to any expense incurred in conjunction with an Airports Authority-related business activity that is allowable, has a clear business purpose, and does not violate the Code of Ethics for Members of the Board of Directors and the Code of Ethics for Employees, as applicable, or does not violate limitations within this policy. Questions concerning the Codes of Ethics should be addressed to the Airports Authority's Ethics Officer.

3.3. Business Expense Reimbursement Request

The Business Expense Reimbursement Request is the Requestor's statement to the Airports Authority of reimbursable Business Expenses incurred on behalf of the Airports Authority.

Directors submit the Business Expense Reimbursement Request using the Form AC-100, which is available on Livelink, under MA-20 (Finance), in the Finance Forms folder and in the warehouse at each airport. The Vice President & Secretary shall transmit all documentation to Accounts Payable for Directors.

Employees submit this form electronically through the Oracle EBS system using the appropriate MWAA Employee Expense Entry template (i-Expense).

3.4. Personal Expenses

Personal Expenses are expenses not considered necessary to conduct official Airports Authority business and are non-reimbursable.

3.5. Requestor

Any person authorized to incur Business Expenses on behalf of the Airports Authority.

4. Policy

4.1. General Policy

- 4.1.1. The Airports Authority will pay for, or reimburse employees and Directors for, necessary, reasonable, appropriately documented, allowable, and properly authorized Business Expenses within the guidelines of this Policy.
- 4.1.2. This Policy shall not be considered an exception to, or exclusion from, the Airport Purchasing Manual, Small Purchasing Manual, or Procurement Card (P-Card) Manual.
- 4.1.3. Use of P-Cards whenever possible (within the limits of the P-Card usage restrictions) is encouraged because doing so increases efficiencies by reducing paperwork.
- 4.1.4. Purchases made under these guidelines should be made as a single group purchase whenever possible, unless circumstances warrant individual purchases.
- 4.1.5. Failure to comply with this Policy or falsification of Business Expense Reimbursement Requests will result in denial of reimbursement and may result in disciplinary action to employees.
 - 4.1.5.1. Expenses claimed that are found to be in violation of this Policy shall be rejected by the Approving Official. If payment or reimbursement occurred and further review by management, accounting staff, or audit staff determines it was made in error, the Requestor shall be required to make restitution.
- 4.1.6. This Policy is not expected to cover every possible situation. Items of an unusual nature or other items typically purchased or reimbursed but not addressed in this Policy (e.g., uniforms or safety apparel) must be discussed with the Office's Vice President or Designee before the expense is incurred. Board Members should consult with the Board Secretary.
- 4.1.7. This information is intended as management guidance, and does not constitute a change in a term or condition of employment. Bargaining unit employees seeking further information should consult their respective Standard Operating Procedures (SOPs) and/or collective bargaining agreement.

4.2. Allowable Expenses

4.2.1. Meals and Functions

- 4.2.1.1. Meetings: In cases where Airports Authority employees are meeting during a meal and the primary purpose of the meeting is to conduct Authority business (e.g., business discussion, training session, etc.) and there is a need to meet during the meal because the meeting could not be scheduled during regular working hours, the expense is allowable.

The average meal or catering expense per-person cannot exceed the approved maximum rate for that type of meal (see Attachment 1). For employees, appropriate authorization must be obtained in advance from the Office's Vice President or Designee.

Vice Presidents may authorize light refreshments (e.g., cookies, coffee, soft drinks, pastries, etc.) for meetings or in the case of unusual circumstances (e.g., staff required to work on their regularly scheduled days off) at their discretion, at a cost not to exceed the amount for Breakfast in Attachment 1.

- 4.2.1.2. Employee functions: Occasional functions for employees to promote employee relations/morale (such as an employee seasonal celebration) or to recognize a business accomplishment of a group or individual achievements within a group are allowable. Expenses related to functions to celebrate occasions that are personal in nature, such as parties to celebrate births, marriages, retirements, promotions, etc. are not allowable.

Total annual expenses for this type of employee function is limited for each Office and generally shall not exceed \$25 per full-time employee per year, as individual Office budget authorization permits. Such employee functions must be approved in advance by the Office's Vice President or Designee. Each Office is responsible for ensuring it does not exceed the annual \$25 per full-time employee amount.

In addition, the President and CEO or COO may authorize Authority-wide social events intended to promote employee relations/morale (such as a summer picnic, seasonal celebration, or employee outing) or employee recognition events (such as employee service awards, Presidential awards, or retirements of key Authority officials) and may authorize reasonable expense budgets for such events. Such events may include employee spouses or guests.

- 4.2.1.3. Business events with Directors or outside individuals: Expenses for hosted business events involving dining and/or catering and including Directors or individuals who are not employees, that are sponsored by an employee or Director of the Airports Authority, are considered allowable.

To qualify as a business event, a Director or employee must (1) reasonably expect—and have as his/her primary motivation for the expenditure—that the Airports Authority will derive economic or another business benefit as a result of the activity; (2) incur the expense in a setting where the other party would reasonably understand that the expenditure was for an Airports Authority business objective; and (3) use the expenditure for the person from whom the Airports Authority employee expects the business benefit, as well as for the employee him/herself and other Airports Authority staff necessarily in attendance. Authority business interests in this instance may, for example, be advanced when the function is intended to conduct or discuss Authority business or matters relating to Authority business (such as monthly Board of Directors meetings), or to promote business relationships.

Directors and employees shall ensure that the average meal or catering expense (excluding alcohol as further defined below) per attendee does not exceed the approved maximum rate for that type of meal (see Attachment 1). Verbal pre-approval must be obtained from the Approving Official (see Section 5.1) prior to exceeding the per person meal maximum. The total cost must be accommodated within existing approved budgets.

For staff below the Vice President level, authorization to incur expenses for functions covered by this Section must be obtained in advance from the Office's Vice President or higher, or Designee. Directors must coordinate functions covered by this Section through the Vice President and Secretary.

4.2.1.3.1. Alcohol

Alcohol is not a reimbursable business expense and will not be reimbursed, except for rare circumstances such as major institutional ceremonial events, or key business events in which all of the following criteria are met: (1) the event is considered a major institutional ceremonial event or otherwise a key business event, in which it must meet the criteria in accordance with Section 4.2.1.3. above, (2) involves an outside individual or individuals, and (3) must be pre-authorized by the President and Chief Executive Officer or the Chief Operating Officer for staff sponsored events, or the Chairman of the Board of Directors for Director sponsored events. Pre-approval is hereby granted for key business events sponsored by the Vice President for Air Service Planning & Development and Managers in the Air Service Planning & Development Office, who by definition are necessarily required to host key business events.

- 4.2.1.4. **Meals purchased for employees during unusual or unplanned circumstances** are at the discretion of the Vice President and are allowable Business Expenses. Examples of such circumstances would be when employees are required to be at the workplace for extended periods during inclement weather or when significant overtime is required.

The occurrence of such unusual or unplanned situations does not create a requirement that meals be purchased for employees. Whether to expend funds is at the discretion of the Vice President or Designee and is not a requirement of every unusual or unplanned circumstance.

The average per person meal or catering expense shall not exceed the approved maximum rate for that type of meal (see Attachment 1). Authorization must be obtained in advance from the Office's Vice President or Designee.

4.2.2. Gifts

- 4.2.2.1. Occasional gifts for unusual circumstances, such as bereavement gifts and ceremonial gifts, must be pre-authorized in writing by the CEO, COO, or Vice President & Secretary. The amount shall not exceed \$100 per occasion. Cash and cash equivalent gifts (e.g., gift cards and gift certificates) are prohibited.

4.2.3. Professional Membership Dues and Licenses

- 4.2.3.1. The cost of individual memberships in professional associations and the cost incurred to maintain professional certifications or licenses that are directly related to Director's governance responsibilities or the employee's job responsibilities at the Airports Authority and have a clear business benefit to the Authority are allowable Business Expenses.

4.2.4. Miscellaneous Business Expenses

- 4.2.4.1. Other expenses including but not limited to postage, supplies, photocopying charges, etc. purchased for business use are considered allowable Business Expenses. When these items are stocked by the Airports Authority's warehouse, these items shall generally be obtained through the warehouse.

4.3. Non-allowable Expenses

This list is not intended to be all-inclusive, but rather to provide a guide that Requestors should use when exercising judgment.

- 4.3.1. Excessive or extravagant expenses.
- 4.3.2. Any unexplained or undocumented expenses.
- 4.3.3. Political contributions.
- 4.3.4. Alcohol expenses except as authorized in Section 4.2.1.3.1.
- 4.3.5. Expenses incurred in connection with personal business or that are personal in nature.
- 4.3.6. Expenses for companions and spouses, except on occasions when attendance of a companion/spouse at an event serves a bona fide business purpose for the Airports Authority and the presence of the companion/spouse is essential (not just beneficial) to the employee being able to carry out the business purpose for the Authority. Such expenses must be pre-authorized by the CEO, COO, or Vice President & Secretary.
- 4.3.7. Expenses reimbursed from any outside sources (unless the Airports Authority will be reimbursed for the expense under an existing agreement).
- 4.3.8. The cost of memberships in athletic clubs (to the extent it exceeds the maximum amount reimbursable under approved Airports Authority employee benefits programs such as the wellness benefit), country clubs, social clubs, shopping clubs, fraternal orders, or other similar organizations.
- 4.3.9. Expenses to commemorate occasions that are personal in nature, such as parties to celebrate births, marriages, etc., or small in-office functions with food or beverages purchased by the employees.
- 4.3.10. Recognition gifts to Airports Authority employees are only issued directly through programs administered by Human Resources (i.e., “On the Spot Awards” and “I Made a Difference Awards”).

5. Business Expense Approvals and Submissions

5.1. Approving Officials

If the Requestor is...	Approval must be made by...
Chairman of the Board	Vice-Chairman of the Board
Directors (other than Chairman) and Vice President & Secretary	Chairman of the Board
CEO or COO	CFO or Designee
Vice President	CEO or COO
Staff or other Requestor not listed above	Vice President or Designee

5.2. Business Expense Submissions

5.2.1. General Guidelines

- 5.2.1.1. The Requestor must complete a Business Expense Reimbursement Request to request reimbursement of Business Expenses. Business Expense Reimbursement Requests must be typed and signed by the Requestor or submitted electronically through the i-Expense system. The address used on the form shall be the Requestor’s preferred check mailing address or note electronic funds transfer for direct deposit.
- 5.2.1.2. Expenses related to travel must be submitted pursuant to the Travel Policy and not as part of the Business Expense Reimbursement Request (i.e., on a separate reimbursement request form), except in cases involving local travel, where the travel does not require a travel authorization. Please see the Travel Policy for more information on requirements for travel reimbursements.
- 5.2.1.3. Expenses made using a P-Card must be documented and submitted in accordance with the guidelines set forth in this Section.

5.2.2. Receipts

- 5.2.2.1. Requestors shall maintain all receipts related to expenses incurred in the course of Airports Authority business. If submitting the Business Expense Reimbursement Request electronically through the i-Expense system, receipts must be submitted electronically and must be legible. Those not required to submit the Business Expense Reimbursement Request electronically must attach original receipts to the Business Expense Reimbursement Request and forward them to Accounts Payable, MA-22B.
- 5.2.2.2. Detailed receipts are required for all Business Expenses. For a credit card purchase, the signature page, as well as the detail of the purchase, are required.
- 5.2.2.3. The business purpose of the Business Expense must be included.

- 5.2.2.4. One receipt may apply to allowable Business Expenses for multiple attendees. If so, a list of attendees must be included with the company affiliation and position title.
 - 5.2.2.5. When authorization shall be obtained in advance, it will be evidenced by final approval of the expense.
- 5.2.3. Business Expense Reimbursement Request Approval
- 5.2.3.1. The Business Expense Reimbursement Request approval by the Chairman of the Board or Vice Chairman of the Board shall be applied consistently and shall not be unreasonably withheld.
 - 5.2.3.2. If there is a vacancy or extended unavailability of an Approving Official on the Board, the Chairman of the Board or other Board Officer shall submit a Business Expense Request Reimbursement Request to the Secretary for approval.

5.3. Submission Requirements and Timing

- 5.3.1. Directors shall submit the approved Business Expense Reimbursement Request using the Form AC-100 (Attachment 2), which is available on Livelink, under MA-20 (Finance), in the Finance Forms folder and in the warehouse of each airport to Accounts Payable (MA-22B).
- 5.3.2. Employees shall submit Business Expense Reimbursement Requests electronically through the i-Expense system. Upon appropriate approvals, the electronic Business Expense Reimbursement Request will be routed to Accounts Payable.
- 5.3.3. The Business Expense Reimbursement Request must be submitted within 30 days after incurring the expense. Business Expense Reimbursement Requests submitted more than 30 days after incurring the expense will not be approved without an exception in accordance with Section 6.

6. Exceptions to the Policy

Any exception to this Policy requested by Directors or the Vice President & Secretary must be approved in writing by the Chairman of the Board of Directors. If denied, the decision may be appealed to the Executive and Governance Committee.

Any exception to this Policy requested by staff must be approved in writing by the CEO or COO.

When an exception to this Policy is so approved, it shall be explained in detail on the Business Expense Reimbursement Request. When circumstances arise that are not directly covered in these written procedures, Directors and employees are expected to use sound judgment and provide detailed documentation in support of variances.

7. Questions

Questions regarding this Policy should be directed to Accounts Payable, MA-22B, on (703) 417-8722.

Attachment 1 – Meal Expense Limits

Maximum rates for meals and non-alcoholic beverages (including applicable taxes and tips) within the continental (contiguous) United States (excludes Alaska, Hawaii, and U.S. Territories) must not exceed the authorized limit, which is based in part on §301-11.18 of the Federal Travel Regulation and peer benchmarks (excluding incidentals and alcoholic beverages). The Office of Finance shall adjust these limits as necessary to remain in accordance with the Federal Travel Regulation and peer benchmarks.

As of March 20, 2013, the authorized limits for meals and non-alcoholic beverages (including any taxes and tips) are as follows:

Meal Type	Per Person Maximum	
	Business Events with Directors or Outside Individuals (§4.2.1.3.)	Other than Business Events with Directors or Outside Individuals (§4.2.1.1., §4.2.1.4.)
Breakfast	\$15	\$12
Lunch	\$30	\$18
Dinner	\$60	\$36

For meals consumed outside the continental United States, the Requestor must exercise judgment to limit the amounts to reasonable levels.

The Airports Authority will reimburse for out-of-country expenses for approved business expenses on the basis of credit card statements and receipts. The reimbursement rate is based on the exchange rate used by the Traveler’s credit card company in calculating its “local currency” payment.

