What is an employee reimbursement?
Employee reimbursement is a system by which the employer reimburses employees’ business-related expenses so the employer can claim the expenses for its own business.

What are some examples of items for which employees can be reimbursed?
Employee reimbursements may be made for employees who spend their own money for their business-related expenses, such as traveling for work, job-related meals, supplies, or materials needed for work projects.

Why have a policy on employee reimbursement?
The Internal Revenue Service (IRS) requires some employee reimbursements to be reported. The reporting required are different depending on whether the employee reimbursement policy meets the criteria for: 1) Accountable or 2) Non-Accountable. The two types of policy criteria are outlined in the table below.

<table>
<thead>
<tr>
<th>Accountable</th>
<th>Non-Accountable</th>
</tr>
</thead>
<tbody>
<tr>
<td>◆ The employee must have incurred allowable expenses while performing services for the employer.</td>
<td>◆ All payments to employees for travel and business-related expenses are treated as supplemental wages and are subject to income, social security, Medicare, and FUTA taxes.</td>
</tr>
<tr>
<td>◆ The expenses must be submitted by the employee and verified by the employer within a reasonable period of time.</td>
<td>◆ Employees are not required to turn in expense documentation and requests for reimbursement within a reasonable time.</td>
</tr>
<tr>
<td>◆ Employees must return any excess reimbursement within a reasonable amount of time.</td>
<td>◆ Employees are given expense advances for which they are not required to spend or return.</td>
</tr>
<tr>
<td>◆ Employees are given reimbursements for amounts that would have otherwise been paid as wages.</td>
<td></td>
</tr>
</tbody>
</table>

Which type of employee reimbursement policy is best to use?
A Certified Public Accountant, or other accounting/legal professional, can provide tribal entity specific advice as to which type of employee reimbursement policy meets its unique needs.

What is outlined in a policy on employee reimbursement?
◆ Type of expenses for which employees can be reimbursed
◆ Criteria for what is a business expense (such as “must be reasonable, ordinary, and necessary”)
◆ Sets dollar limits on reimbursable amounts
Clarifies if a pre-authorization is required

What are procedural issues to be considered in an employee reimbursement policy?
◆ What forms are used to request reimbursement and when are they submitted?
◆ What is the timeframe for requesting reimbursement?
◆ How are late submissions handled?
◆ Who authorizes reimbursement requests?
◆ How are reimbursement requests processed and distributed?
◆ What documentation needs to be provided/maintained?

Resources
◆ DOJ Grants Financial Guide
◆ Department of Treasury, Internal Revenue Service, Publication 15, (Circular E), Employer’s Tax Guide
The **OVC Tribal Financial Management Center (OVC TFMC)** provides **training, technical assistance, and resources** to support American Indian and Alaska Native communities as they successfully manage the financial aspects of their federal awards. OVC TFMC also offers support via our Virtual Support Center (VSC) to Office for Victims of Crime (OVC) grantees and those seeking federal funding from OVC for the first time. **Email questions or requests for grant financial management technical assistance to** [TFMC@OVCTFMC.org](mailto:TFMC@OVCTFMC.org) **or call** 703.462.6900. Visit [OVCTFMC.org](http://OVCTFMC.org) for additional resources and information.

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**Feedback Requested**

OVC TFMC will continually work to provide resources to support grantees as they successfully manage their OVC financial awards. Your feedback assists us in creating these resources to meet your needs. To help us provide the most useful resources, we would appreciate your feedback on this guide sheet. Please send any comments or suggestions to [Evaluation@OVCTFMC.org](mailto:Evaluation@OVCTFMC.org).

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This product was supported by contract number GS-00F-010CA, awarded by the Office for Victims of Crime, Office of Justice Programs, U.S. Department of Justice. The opinions, findings, and conclusions or recommendations expressed in this product are those of the contributors and do not necessarily represent the official position or policies of the U.S. Department of Justice.

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