

**STATE OF VERMONT  
AGENCY OF ADMINISTRATION  
DEPARTMENT OF FINANCE AND MANAGEMENT**

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Subject: **Travel Cash Advance Management**  
Effective Date: **March 2014**  
Applicable To: **All State Agencies and Departments**  
Issued By: **Department of Finance & Management**  
Approved By: **James Reardon, Commissioner**

**PURPOSE**

This procedure outlines how travel cash advances, received by employees, are managed based on the amount of actual expenses incurred/paid and the timeliness of employee reimbursements for unused cash advance amounts.

**BACKGROUND**

Agency of Administration Bulletin 3.4 – Employee Travel and Expense Policy provides guidelines and requirements for an employee to obtain a cash advance to cover travel costs. As part of these requirements, employees must reimburse their department for the difference between the amount advanced to them for travel and the amount of expenses actually incurred/paid and reported on an expense report. Departments are responsible for collecting these amounts from their employees. Any advanced amount in excess of actual expenses not re-paid within 120 days after the expenses were incurred/paid will be treated as taxable income to the employee and subject to all payroll withholding taxes in accordance with the IRS Accountable Plan Rules. The department will also be charged their portion of the payroll taxes.

**PROCEDURE & GUIDELINES**

**I. Cash Advance equals expenses incurred/paid**

1. Following travel, the employee enters an expense report in VISION for expenses incurred/paid and applies the applicable cash advance.
2. The employee’s supervisor and expense coordinator verify that the applicable cash advance was applied to the expense report prior to approving the expense report.
3. Since the cash advance and expenses incurred/paid equal, the amount due to the employee is \$0.
4. The VISION system automatically marks the cash advance as closed.

**II. Cash Advance is less than expenses incurred/paid**

1. Following travel, the employee enters an expense report in VISION for expenses incurred/paid and applies the applicable cash advance.
2. The employee's supervisor and expense coordinator verify that the applicable cash advance was applied to the expense report prior to approving the expense report.
3. Since the cash advance is less than the expenses incurred/paid, the amount due to the employee is the difference.
4. The VISION system creates payment to the employee for the difference.
5. The VISION system automatically marks the cash advance as closed.

### **III. Cash Advance is more than expenses incurred/paid – reimbursement by employee is received within 120 days**

1. Following travel, the employee enters an expense report in VISION for expenses incurred/paid and applies the applicable cash advance.
2. The employee's supervisor and expense coordinator verify that the applicable cash advance was applied to the expense report prior to approving the expense report.
3. Since the cash advance is greater than the expenses incurred/paid, the amount due to the employee is \$0.
4. The employee must reimburse the department for the amount of the advance that is greater than the expenses incurred/paid.
5. The employee receives reminder emails that are automatically generated by the VISION system letting them know that they have an outstanding cash advance that needs to be paid.
6. Expense coordinators, at least monthly, run and review the VT\_MER\_OPEN\_CASH\_ADVANCE query for cash advances with open balances that need to be collected from employees. (See the Expense Module Month End Closing Instructions for more information on this query.) Efforts must be made by the department to collect these amounts.
7. The department receives reimbursement from the employee in the form of check or cash.
  - a. The department deposits the reimbursement at the bank.
  - b. The department enters the deposit in VISION using the same chartfields as the cash advance and account 110003.
  - c. The department sends an e-mail to the Department of Finance and Management at [michelle.white@vermont.gov](mailto:michelle.white@vermont.gov) with the employee name, employee id, cash advance id, amount of reimbursement and deposit id.
8. The employee will continue to receive reminder e-mails until the department provides the reimbursement information to the Department of Finance and Management. This is because there is no connection between the VISION expense module and the accounts receivable module where the deposit is recorded, so the cash advance is not automatically marked as closed by VISION. The e-mails will continue to generate until the cash advance is marked as closed.
9. The Department of Finance and Management receives the reimbursement information and manually marks the cash advance as closed in VISION – generally within two business days of receiving the correct reimbursement information.

**Note:** If an employee reimburses the department in multiple payments, the cash advance will not be marked as closed until full payment is made. The employee will continue to receive system generated reminder e-mails for the original amount owed until the entire reimbursement has been received and deposited and the Department of Finance and Management receives the reimbursement information.

### **IV. Cash Advance is more than expenses incurred/paid – reimbursement by employee is NOT received within 120 days and is considered delinquent**

1. Following travel, the employee enters an expense report in VISION for expenses incurred/paid and applies the applicable cash advance.
2. The employee's supervisor and expense coordinator verify that the applicable cash advance was applied to the expense report prior to approving the expense report.
3. Since the cash advance is greater than the expenses incurred/paid, the amount due to the employee is \$0.
4. The employee must reimburse the department for the amount of the advance that is greater than the expenses incurred/paid.
5. The employee receives reminder emails that are automatically generated by the VISION system letting them know that they have an outstanding cash advance that needs to be paid.
6. Expense coordinators should at least monthly run and review the VT\_MER\_OPEN\_CASH\_ADVANCE query for cash advances with open balances that need to be collected from employees. (See the Expense Module Month End Closing Instructions for more information on this query.) Efforts should be made by the department to collect these amounts.
7. Monthly, the Department of Finance and Management identifies all delinquent advance amounts that are not paid within 120 days from the last date of travel, as indicated on the VISION travel authorization, that the cash advance was approved for.
  - a. The Department of Finance and Management sends information regarding the delinquent amount to VTHR Operations Division where the Payroll Division will record the delinquent balance as taxable income to the employee and withhold the appropriate payroll taxes from both the employee and the employee's department.
  - b. The Department of Finance and Management charges the department for the delinquent advance amount by doing a general ledger journal entry in the department's business unit to debit expenditure account 518800 - TRVL-Delinquent Advances and credit the Travel Advances Receivable account 110003 and using all other chartfields from the cash advance.
  - c. The Department of Finance and Management manually marks the cash advance as closed in VISION.
  - d. The Department of Finance and Management notifies the expense coordinator for the department that the expense for the delinquent cash advance amount has been charged to the department's budget, the amount has been sent to VTHR Operations Division to be taxed and that the cash advance has been closed.
8. The Department is responsible for recovering the funds from the employee after 120 days per their own internal policy.
  - a. If a department receives reimbursement after the Department of Finance and Management has charged the department for the delinquent cash advance, the department must enter a refund of expenditure deposit in VISION with expenditure account 518800 and using the same chartfields that Department of Finance and Management used to charge the department.
  - b. Reimbursement by the employee after the 120 day period does not reverse the tax liability.

**If you have any questions or need clarification on any aspects of this procedure please contact VISION Support at 828-6700, option 2 or at [Vision.FinHelpdesk@vermont.gov](mailto:Vision.FinHelpdesk@vermont.gov).**